



MARCH 2026

# MARKET MINUTE

An investment report from the Kansas Methodist Foundation

## Rate of Return:

As of March 31, 2026, net-of-investment fees

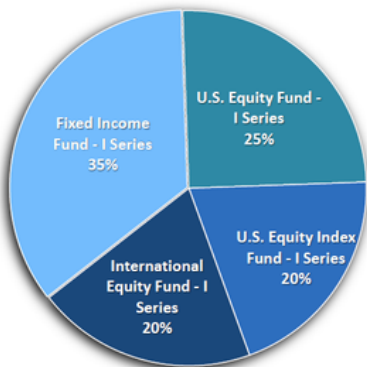
Fund Name	Mar '26	YTD	Annualized				
			1 Year	2 Years	3 Years	5 Years	10 Years
<b>Balanced Fund</b>	<b>-5.07%</b>	<b>-1.87%</b>	<b>12.77%</b>	<b>8.16%</b>	<b>9.70%</b>	<b>7.35%</b>	<b>7.93%</b>
Benchmark	-5.02%	-1.85%	14.77%	10.42%	11.82%	8.28%	8.34%
<b>Equity Fund</b>	<b>-6.55%</b>	<b>-2.67%</b>	<b>16.56%</b>	<b>9.93%</b>	<b>13.27%</b>	<b>9.77%</b>	<b>10.47%</b>
Benchmark	-6.73%	-2.89%	20.37%	13.40%	16.67%	11.51%	11.37%
<b>U.S. Equity Index Fund</b>	<b>-5.04%</b>	<b>-4.01%</b>	<b>17.48%</b>	<b>12.21%</b>	<b>17.70%</b>	<b>13.73%</b>	<b>--</b>
Benchmark	-4.97%	-3.96%	18.09%	12.52%	17.85%	13.81%	13.72%
<b>Fixed Income Fund</b>	<b>-2.25%</b>	<b>-0.52%</b>	<b>5.18%</b>	<b>5.24%</b>	<b>5.08%</b>	<b>2.20%</b>	<b>2.86%</b>
Benchmark	-1.76%	-0.05%	4.62%	4.91%	4.29%	2.10%	2.35%
<b>Short Term Income Fund</b>	<b>0.27%</b>	<b>0.79%</b>	<b>4.49%</b>	<b>4.70%</b>	<b>4.62%</b>	<b>3.05%</b>	<b>2.44%</b>

\*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:\*

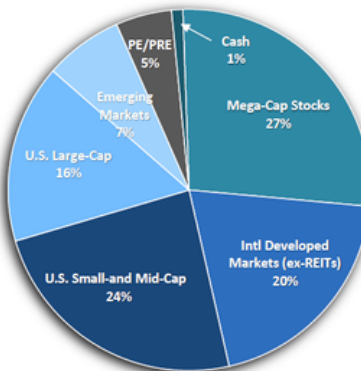
### Balanced Fund

65% Equities  
35% Fixed Income



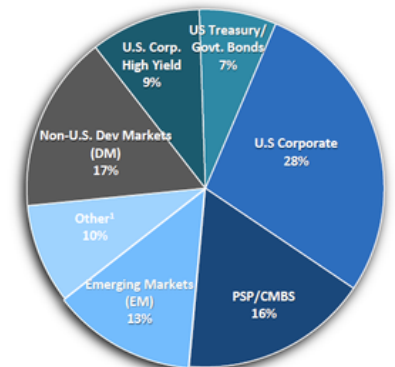
### Equity Fund

40% US Equities  
30% US Equity Index Fund  
30% International Equities



### Fixed Income Fund

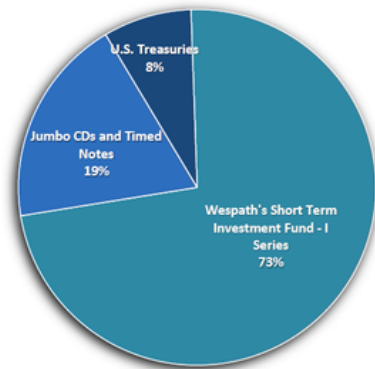
100% Fixed Income



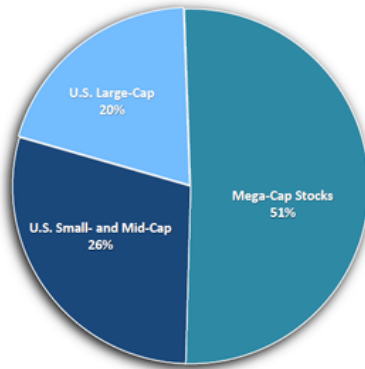
\*Fund allocations as of March 31, 2025. Investors can choose a mix of their choice from the funds provided by KMF.

## 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:

- 2.35% for one year
- 2.40% for two years

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

## Key Takeaways from Q1

**War in Iran:** Mounting geopolitical tensions in the Middle East escalated into open conflict in Iran on February 28, following a series of coordinated U.S.-Israeli strikes and subsequent retaliatory actions, drawing in neighboring actors and raising concerns about stability in the region. This rapid escalation dominated global headlines and heightened geopolitical uncertainty around the world.

**GDP:** U.S. GDP growth came in at 0.7% for the fourth quarter and 2.1% for full-year 2025. This was below the pace of 2024's 2.8% growth rate, with Q4 results also coming in below consensus estimates due to the prolonged government shutdown. As of late March, consensus estimates for U.S. GDP in 2026 called for 2.4% growth, up 26% from where estimates stood at year-end.

**Inflation:** February's inflation data showed a modest 0.3% uptick from January, with year-over-year results indicating a 2.4% increase, the lowest level since May 2025. While this inflation backdrop was largely benign, the onset of the Iran war has driven energy prices sharply higher, reigniting supply-side inflationary pressures.

## Key Takeaways continued on next page

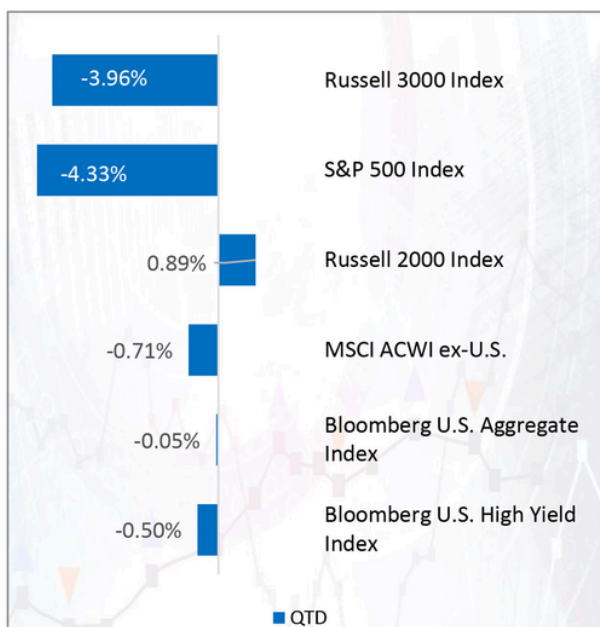
## Key Takeaways continued

**Jobs:** The latest U.S. employment figures were weaker than anticipated, with an estimated 92,000 jobs lost in February, per the Bureau of Labor Statistics. The unemployment rate rose to 4.4%. Though the February report was impacted by seasonality and labor strikes, the overall employment picture remains softer. The U.S. gained just 181,000 jobs in 2025, its weakest result outside of a recession year since 2003.

**The Fed:** The U.S. Federal Reserve (Fed) met twice in the first quarter, keeping the federal funds rate at a range between 3.50% and 3.75%. Interest rate expectations have shifted dramatically from the beginning of the year, when multiple cuts in 2026 were expected. By the end of the quarter, markets were pricing in the Fed keeping interest rates steady in 2026.

**Stocks:** The quarter was underpinned by an increase in dispersion and continued rotations in market leadership. The S&P 500 Index declined 4.3% in Q1, while international equities, as measured by the MSCI ACWI ex-U.S. Index, declined 0.7%. The Magnificent 7 stocks trailed the broader market, and the tech-heavy NASDAQ fell nearly 7% in the quarter. Meanwhile, the Russell 2000 Index of small-cap stocks gained 0.9%. But these quarterly returns only tell part of the story, as small caps cooled down and international stocks lagged their U.S. counterparts in March, following the escalations in Iran.

**Bonds:** The Bloomberg U.S. Aggregate Bond Index was nearly flat (-0.05%) in Q1. Bond volatility was a dominant theme in the quarter, particularly in March, where emerging market bonds lagged. The U.S. Treasury curve steepened, with longer-dated yields rising following the start of the war. U.S. commercial and residential mortgage-backed securities were relatively unscathed.



As of March 31, 2026

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## *From the Wespath Team*

# Themes to watch in 2026

Just three months into 2026, we are already seeing an investment landscape which has noticeably evolved since the beginning of the year.

With that in mind, let's revisit the six "Themes to Watch in 2026" that we shared in our Q4 letter:

**1. AI-Driven Market Opportunities and Risks:** Last quarter, we highlighted AI as a compelling long-term theme, while noting that elevated valuations and concentration left the space vulnerable to rapid shifts in sentiment. That risk surfaced at least somewhat during the quarter, as a poorly received earnings report from Microsoft triggered one of the company's worst single-day declines in years.

While geopolitical developments moved to the forefront later in the quarter, AI innovation continued at a rapid pace, and it's clear this theme will continue to capture attention for some time. As noted previously, we expect to see investors becoming more selective and increasingly focused on whether current levels of business spending and AI investment can be sustained.

**2. Geopolitical Tensions and Shifts:** As discussed throughout this letter, geopolitical risk has been a persistent source of market volatility already in 2026, quickly moving this theme from a concern to the primary focus so far this year. The war in Iran and the many other armed conflicts and political tensions around the world reinforce the importance of incorporating global political dynamics into portfolio construction, as second-order effects have rippled across regions and asset classes. While the longer-term implications are still emerging, the first quarter underscored how quickly geopolitical events can reshape market conditions.

**3. Global Deficit Spending and Accommodative Financial Conditions:** We noted in the Q4 letter that elevated deficit spending and broadly accommodative financial conditions have supported economic activity and asset prices, even as government debt levels remain historically high. During the first quarter, elevated fiscal support remained an important counterbalance to tightening pressures elsewhere in the system, shaping market conditions alongside geopolitical developments.

**4. Interest Rate Crosscurrents and Central Bank Policy:** Monetary policy is still very much in flux around the globe. In the U.S., expectations entering the year for lower short-term rates became less certain as inflation risks and geopolitical developments intensified, while long-term interest rates rose globally and credit markets increasingly reflected growing economic and policy uncertainty.

[Continue reading](#)

## Market and Fund Update

Click below to watch the Q1 Investment Insights Webinar:



**Karen Manczko**  
Director, Institutional Relationships

**Joe Halwax**  
Senior Managing Director,  
Institutional Investment Services

Joe Halwax and Karen Manczko provide a market update and discuss Wespath fund performance, including detailed performance attribution. From a steady start of the year to a headline-driven March, Joe and Karen break down what drove performance across equities, fixed income and inflation protection, and how those trends shaped Wespath fund results. They also provide an update on six key themes to watch in 2026—from AI concentration and geopolitics to interest-rate shifts, active vs. passive dynamics and opportunities in private markets.

[Watch the webinar](#)

### 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