

IOWA UNITED METHODIST FOUNDATION

Summary of the 2020 2nd Quarter Report

First, let me express our sincere **prayers for your health and well-being**, in the midst of the COVID-19 pandemic. May God grant us wisdom and healing, and strength for those serving others in this difficult time.

Second, we are here for you. Although we are working from home, we are still answering emails and voicemails. We are minimizing time in the office, so are sending this short summary out with your statements. The full version of the report is posted on the website at <https://iumf.org> in the Fund Performance section – if you would like to receive a paper copy, please let us know by emailing us at info@iumf.org.

Third, your investments are secure. With the postponement of General Conference to a later date, we want to affirm that we are a completely separate organization from the Annual Conference. Our Articles of Incorporation allow us to work with any nonprofit, regardless of denomination. We continue to focus on our mission of providing socially responsible, long-term investments and services to you.

Resources

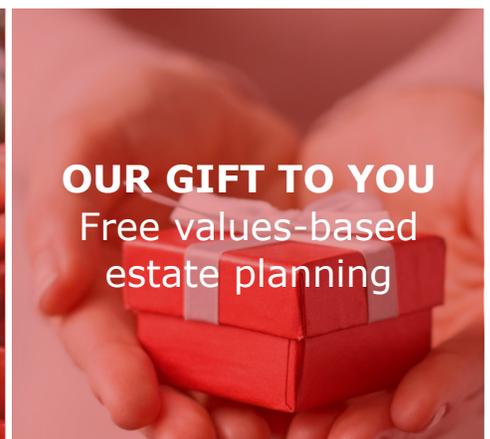
As the quarantine continues, many congregations have questions about online giving, government relief programs and other subjects. A full list of resources is found on our website at <https://iumf.org/resources/>. Resources are related to COVID-19, miscellaneous forms you might need, brochures, endowment kits, past newsletters and more.

Peace, Katharine Yarnell—Executive Director

SUMMER STEWARDSHIP

This year continues with unexpected challenges and the role of technology has been key in the last few months, with many churches sharing worship, devotions, bible studies and small group ministries via Zoom calls. Despite this change in gathering, the basics of financial stewardship remain. **Justice, empathy** and **focus on mission** remain key. We can help with financial stewardship topics this summer through virtual workshops!

Here are three other programs available to you this summer and fall through the Foundation:



MARKET REVIEW

The stock market and the economy, while closely related, measure different things.

The **economy** is a measure of the recent past. How many people filed for unemployment, how many businesses closed, how much less money was spent on gasoline, consumer goods, tourism, and restaurants?

The **stock market** measures the predicted future. How many more Netflix subscriptions and iPhones will be purchased, how many new cars will be bought? While there has been a quick “bounce” up since the record lows of the first quarter, there are concerns whether earnings justify the higher prices.

Currently, there are a lot of concerning signs in the economy – the record unemployment in such a short span of time, social unrest and concerns of long-term improvements in racial equality. With the work-from-home trend, office vacancies, rent payment delays, and a drop in real-estate values are all current and continuing concerns.

Equities: The stock market, while somewhat recovering from the March low values, is still volatile due to concerns over the difficulty in developing a vaccine for the COVID-19 virus. A predicted second wave of virus cases in the fall is a significant risk. Continuing trade tensions between the US and China, and the additional protests in Hong Kong, remains a factor. A seven-year record high in gold describes investment concerns about stock market risk.

Bonds: The central banks and US government responded quickly to the economic downturn. This reaction may be considered extreme and impossible to get out of or change. The extremely low interest rates remain a concern for the bond market.

The Foundation continues to focus on **long-term investments**, which are proving resilient in the face of adverse conditions.

FUND PERFORMANCE

The actual net returns for each of the funds as of June 30, 2020:

| | June | QTD | YTD | Trailing 12 |
|----------|--------|---------|--------|-------------|
| Balanced | +1.81% | +13.07% | -3.97% | +1.65% |
| Bond | +0.43% | +3.20% | +1.57% | +2.82% |
| Equity | +2.58% | +18.19% | -9.43% | -1.75% |
| STI | +0.27% | +1.79% | +3.25% | +4.79% |

Benchmark average gross returns for each of the funds as of June 30, 2020:

(Please note—The benchmark includes higher risk/junk bonds and growth/higher risk stocks, so we aren't quite comparing “apples to apples.” This also does not include management or administration fees.)

| | June | QTD | YTD | Trailing 12 |
|-----------------------|--------|---------|--------|-------------|
| Balanced ₁ | +1.78% | +12.97% | -3.46% | +2.49% |
| Bond ₂ | +0.61% | +4.33% | +3.67% | +5.98% |
| Equity ₃ | +2.57% | +18.95% | -8.72% | -0.78% |
| STI ₄ | +0.04% | +1.13% | +2.47% | +3.22% |