IOWA UNITED METHODIST FOUNDATION

Summary of the 2020 1st Quarter Report

First, let me express our sincere **prayers for your health and well-being**, in the midst of this 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, as advised by Governor Reynolds, we are still answering emails and voice messages. 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 lock-down 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, Iowa United Methodist Foundation

EMOTIONS OF THE MARKET CYCLE

This graph shows the emotions we might feel during the market cycle. Right now, we could be at the "bumpy bottom," which means there may be sharp swings both up and down.

This is also the point of maximum opportunity. Keeping your investments in for the long-term makes sense, rather than selling now and making an unrealized loss an actual loss.

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MARKET REVIEW

The first quarter of 2020 has seen a record high in February (due to low unemployment and expectations of high corporate earnings), followed by a rapid and steep decline (6 weeks), similar in reach to October of 1987. For the third time in 20 years, we are seeing a disruption of the economy and are facing a bear market.

A combination of the global COVID-19 virus (which is lowering or discontinuing earnings), and Saudi Arabia and Russia locked in an oil production war for market share, have led to this recession. A secondary effect of the virus-related lockdown is the severe downturn in restaurants, travel, and hotel industries. The Fed has responded with a 2 trillion dollar stimulus package.

The investment focus of the Foundation is "time IN the market" rather than "TIMING the market." It is extremely difficult to time "getting back in" to the market and usually this results in a loss of the number of shares owned. Also, the focus is not on short-term trading, but rather investments for the long term.

The "cushion" worked

In the last few years, the investments were made defensively, with an emphasis on Value stocks and high quality bonds. This has paid off! We had a helpful "cushion" to land on in the sell-off and the investments fell only a fraction of the regular markets.

While the S&P 1000 Stocks fell -30.58% for the quarter and -20.88% for the month of March, the Foundation's Equity Fund ended down about only a fraction of that. The BB rated Bond Market was down -9.97% last quarter and down -8.72% for March. The Foundation Bond fund was down only -16% and -28%. If you have further questions, please feel free to contact us, and we can review the risk level of your investments.

FUND PERFORMANCE

The actual net returns for each of the funds as of March 31, 2020:

	March	QTD	YTD	Trailing 12
Balanced	-9.63%	-15.07%	-15.07%	-7.92%
Bond	-2.45%	-1.58%	-1.58%	+1.26%
Equity	-14.44%	-23.36%	-23.36	-14.08%
STI	-0.14%	+1.43%	+1.43%	+4.59%

Benchmark average gross returns for each of the funds as of March 31, 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.)

	March	QTD	YTD	Trailing 12
Balanced$_1$	-9.65%	-14.55%	-14.55%	-6.11%
Bond$_2$	-2.38%	+0.64%	+0.64%	+4.30%
Equity$_3$	-14.61%	-23.26%	-23.26%	-13.36%
STI$_4$	-0.12%	+1.32	+1.32%	+3.56%

S&P 1000—	-20.88%	-30.58%	-30.58%	-23.48%
BB Bond Market	-8.72%	-9.97%	-9.97%	-3.50%