

IOWA UNITED METHODIST FOUNDATION

3rd Quarter Report 2020

NEW ESTATE PLANNING SERVICE

Our Gift to You appointments are available NOW with an expert estate planner.

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FINISHING THE YEAR FINANCIALLY STRONG

Tips for small (and large) churches.

PAGE 3



OUR GIFT TO YOU

"This is just what I needed!" People like you wonder if they have everything ready for the future. Many people do not know all of their options when it comes to the way their intentions are expressed in their will. As a gift to our generous clients, we have partnered with [*Thompson & Associates*](#), the nation's premiere values-based estate planning firm, to offer complimentary meetings with one of their experts.

This is not fund-raising, but instead meant to reduce the stress and uncertainty surrounding estate planning, ensuring you know exactly what will happen to your assets. Your appointment can be held virtually or over the phone and will be entirely confidential. There is no obligation and no sales. The *Thompson & Associates* process has been developed over several decades with a goal of helping you create an estate plan that transfers assets to the people you love and the causes you care about. The process often reveals ways in which you can

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OUR GIFT TO YOU

Values-Based Estate Planning

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provide for loved ones by redirecting assets that otherwise would have been collected as taxes (see illustration below).



Creating or reviewing your plan with an expert can provide clarity, peace of mind, and a sense that your plan will tell your story. Your estate plan is the single greatest financial impact you can have on your family, so we want you to be confident in its ability to accomplish your goals. *Our Gift to You* is completely complimentary with no hidden agendas, no pressure, no obligations, and no time constraints. *Appointment slots are filling up fast, so please contact us today to reserve yours. Call us at 515-974-8927 or email info@iumf.org.*



Meet the Expert

Johni Hays, Senior Vice President
Thompson & Associates

Based out of Johnston, Johni is the estate planner our clients meet with. She has practiced law with an emphasis in charitable and estate planning since 1993. She joined *Thompson & Associates* in 2012 because of their reputation for integrity and her desire to help others. She is also an accomplished writer who enjoys animals and the ocean.

FINISHING THE YEAR FINANCIALLY STRONG

Tips for Small (and Large) Churches

Looking for ways to end 2020 on a positive note? 3 things churches should know to finish the year strong:

1. **Focus on the Mission**: Despite the pandemic, quarantine, and derecho, what exciting things has your church been doing? Celebrate the impact God is having through small gestures, such as a note or an uplifting phone call. An act that seems as small as a mustard seed can be a great gift in someone else's life.
2. **Share Stories and Thanks**: Provide "numbers and a narrative." Share how lives are changing because of your church's worship and outreach. People need a report on how their gifts are changing the world before they are asked again. It may be a helpful reminder that in difficult times, God's power is still working. There should be a cycle of thanking, reporting back, and then inviting for the next gift.
3. **Be a Hero**: Offer ways for your parishioners to "be heroes" by partnering with the mission of your church—through online gifts, setting up a recurring gift, or mailing in support.



GUIDE TO YOUR ACCOUNT STATEMENT



**Do you want your
statements emailed
to you?**

Fill out the E-Statement
Registration Form on
our website under the
Resources tab and
send it to us.

ASSET SUMMARY

The description on which investment the account is invested in: Equity, Balanced, Bond, Short-Term Income or a percentage mix. The Current Market Value of the fund(s) and the percentage of each fund.

ACCOUNT ACTIVITY SUMMARY

Beginning Market Value: The total value of the account at the beginning of the statements period

Contributions: Additions to the account, if any

Income: Earnings from interest and dividends, net of fees

Recognized Capital Gains: Gains (or losses) from sales of assets

Disbursements: Scheduled or requested withdrawals of funds

Change in Market Value: Appreciation (or depreciation) of pooled investment funds

Ending Market Value: Beginning Market Value + Contributions + Income +/- Recognized Capital Gains/Losses—Disbursements +/- Change in Market Value

ASSET DETAILS

Asset Description: Fund(s) included in the account

Shares: # of units owned by the account holder

Market Price: The per unit value of each investment fund

Net Cost: The original investments plus any additions or reinvested income

Unrealized Gain/(Loss): Change in the market value of investments during the statement period

INVESTMENT REPORT

THIRD QUARTER 2020

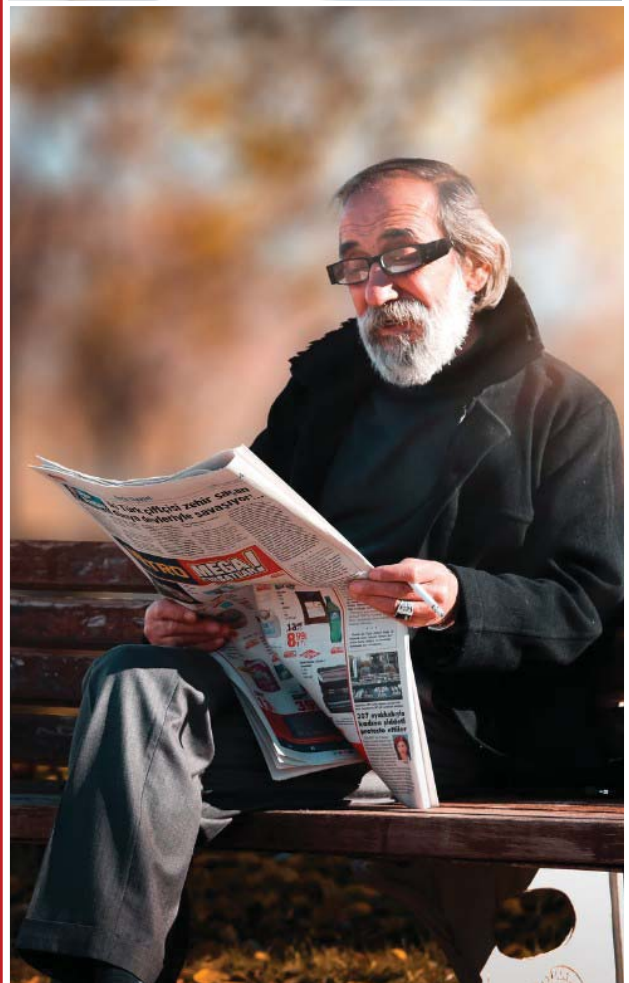
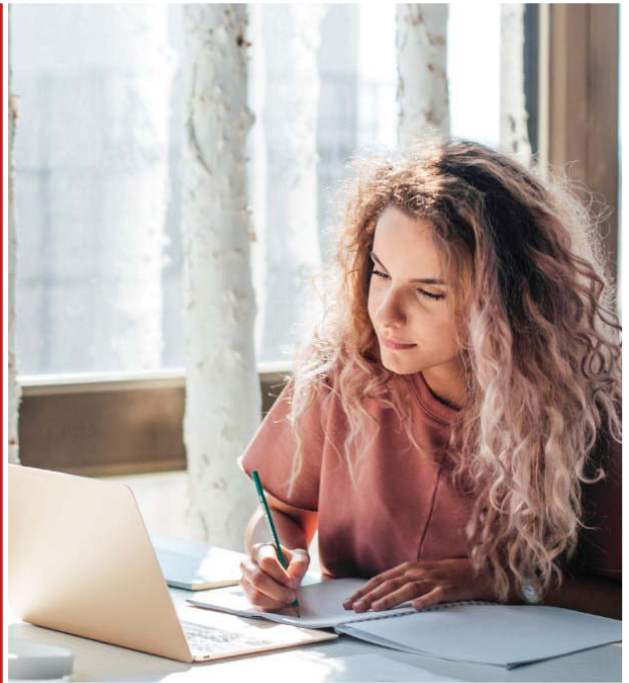
The third quarter of 2020 was a very volatile quarter again. Congress failed to pass a second stimulus package, so there is currently no further assistance for those affected by the COVID-19 pandemic. This will continue to ripple through the consumer economy. The unemployment rate continues to be more than double the rate from last year.

EQUITY FUND

Businesses with the ability to operate electronically continue to be better positioned to succeed during the pandemic. The US dollar index decreased, lowering further international confidence. Consumer confidence is at a six-year low, due to continued concerns about the ability of the economy to recover. Small business optimism is also decreasing.

BOND FUND

Federal Reserve Chair Jerome Powell indicated two key factors impacting the Bond market and the US economy. First is a continuing strategy of extremely low interest rates with no plan of increasing them. This will continue to keep bond fund earnings very low, and tempt riskier and riskier investments in a search for short-term yields. Second, inflation continues to increase, as there is no attempt to pre-emptively control it.



FUND PERFORMANCE REPORT

September 30, 2020

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

	MTD	QTD	YTD	Trailing 12
Balanced	-2.21%	+3.84%	-0.29%	+4.90%
Bond	-0.18%	+0.63%	+2.21%	+2.72%
Equity	-3.16%	+5.50%	-4.44%	+3.47%
STI	-0.07%	+0.28%	+3.53%	+4.12%

Benchmark average gross returns for each of the funds as of September 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.)

	MTD	QTD	YTD	Trailing 12
Balanced ₁	-2.00%	+3.16%	-0.41%	+4.89%
Bond ₂	-0.09%	+0.58%	+4.27%	+5.01%
Equity ₃	-3.27%	+4.84%	-4.30%	+3.74%
STI ₄	+0.02%	+0.05%	+2.52%	+2.66%

¹ 24% MSCI EAFE / 24% S&P 500 / 12% S&P 1000 / 30% Barclay's Government Credit / 10% ML US High Yield BB 1-10 yr.

² 75% Barclay's Government Credit / 25% ML US High Yield BB 1-10 yr.

³ 40% MSCI EAFE / 40% S&P 500 / 20% S&P 1000

⁴ Barclay's 1-3 year Gov. Index

Average annual calendar net returns (2015-2019):

PERFORMANCE	2019	2017-2019	2015-2019	BENCHMARK	2019	2017-2019	2015-2019
Balanced	+17.20%	+6.70%	+5.40%	Balanced	+19.45%	+8.76%	+6.75%
Bond	+5.27%	+1.10%	+1.32%	Bond	+8.68%	+3.97%	+3.40%
Equity	+25.09%	+10.27%	+7.59%	Equity	+26.71%	+11.96%	+8.99%
STI	+4.90%	+3.04%	+1.73%	STI	+3.22%	+1.87%	+1.40%

BALANCED FUND

September 30, 2020

This fund seeks to balance the objectives of long-term capital appreciation and present income. Therefore, the Balanced Fund is invested in a diversified portfolio of fixed income securities, equity securities (including those of foreign issuers and small capitalization companies), cash and cash equivalents and other alternative investments. The Product Mix and Diversification shall strive for a 40/60 balance between equity and fixed income investments, within the following ranges:

- 30% to 50%** **Fixed income:** U.S. Government notes and bonds, mortgage and asset backed securities, C.D's, corporate bonds, municipal bonds and international mutual funds with up to 15% of fixed income investments in preferred stock, securities convertible to common stock, real estate and other hybrid issues approved by the Investments committee.
- 50% to 70%** **Equity:** 40% large cap domestic stocks, 20% small/mid cap domestic stocks, 40% international stocks.
- Up to 10%** **Cash:** Money market funds, treasury bills and money market equivalents. **All funds allow a variance of +/- 10% from the stated "Strategic Allocation"*

RATE OF RETURN—2020

	MTD	QTD	YTD	Trailing 12
Actual *	-2.21%	3.84%	-0.29%	4.90%
Benchmark	-2.00%	3.16%	-0.41%	4.89%

RATE OF RETURN—2015-2019

	1-Year	3-Year	5-Year
Actual *	17.20%	6.70%	5.40%
Benchmark	19.45%	8.76%	6.75%

BALANCED PORTFOLIO BOND CHARACTERISTICS:

Duration	2.59
Average Credit Quality	BBB+

BALANCED FUND BOND:

Sector	% of Portfolio
Treasury	9.41%
Corporate (IG)	59.49%
Corporate (HY)	29.81%
Mortgages	0.00%
Cash	1.29%

BALANCED FUND EQUITY:	% of Allocations
Large Cap	39.00%
Mid Cap	16.00%
Small Cap	7.00%
International	37.00%
Cash	1.00%

*Net of fees

BOND FUND

September 30, 2020

This fund's primary investment objective is to maximize present income. The fund's holdings will consist primarily of fixed income securities. Rounding out the portfolio is a small allocation to cash and cash equivalents. This fund has the following target allocation of investments:

- Up to 100%** **Fixed Income:** U.S. Government notes and bonds, mortgage and asset backed securities, C.D.'s, corporate bonds, mutual funds and municipal bond mutual funds, with up to 15% of fixed income investments in preferred stock, securities convertible to common stock real estate and other hybrid issues as approved by the Investment Committee.
- Up to 10%** **Cash:** Money market funds, treasury bills and all money market equivalents.

Fixed income securities in which the funds may invest include debt securities of all types, including but not limited to, obligations of the U.S. Government, Federal Agency obligations, corporate bonds and notes, sovereign debt of non-U.S. countries and mutual funds whose underlying assets are primarily fixed income securities. All convertible securities are classified as equity securities. The average maturity of the fixed income instruments will be three to five years with an average investment grade ranking as ranked by S&P or Moody's. *Equity securities* in which the funds may invest include common stocks, securities convertible into equity securities and mutual funds investing primarily in equity securities. As for individual common stocks, the funds are limited to investing in companies whose shares are traded on the New York Stock Exchange, Inc., the American Stock Exchange, Inc., or the National Association of Securities Dealers, Inc., National Market System. The Balanced Fund and the Equity Fund may also invest in securities of foreign issuers which are traded on major U.S. exchanges/markets.

RATE OF RETURN—2020

	MTD	QTD	YTD	Trailing 12
Actual*	-0.18%	0.63%	2.21%	2.72%
Benchmark	-0.09%	0.58%	4.27%	5.01%

RATE OF RETURN—2015-2019

	1-Year	3-Year	5-Year
Actual*	5.27%	1.10%	1.32%
Benchmark	8.68%	3.97%	3.40%

ASSET ALLOCATION BOND

Cash	3.54%
Investment Grade	57.36%
High Yield	29.44%
Treasury	9.66%

*Net of fees

EQUITY & SHORT-TERM INCOME

September 30, 2020

EQUITY: This fund's investment objective is to seek long-term capital appreciation. Current income is a secondary objective. The fund pursues its objectives by investing primarily in common stocks and securities convertible or exchangeable into common stocks, including warrants and rights. This fund has the following target allocations:

Up to 100% Equity: 40% large cap domestic stocks, 20% small/mid cap domestic stocks and 40% international stocks

Up to 10% Cash: Money market funds, treasury bills and money market equivalents

RATE OF RETURN—2020

	MTD	QTD	YTD	Trailing 12
Actual*	-3.16%	5.50%	-4.44%	3.47%
Benchmark	-3.27%	4.84%	-4.30%	3.74%

RATE OF RETURN—2015-2019

	1-Year	3-Year	5-Year
Actual*	25.09%	10.27%	7.59%
Benchmark	26.71%	11.96%	8.99%

SHORT-TERM INCOME: This fund's primary objective is to provide an investment vehicle for shorter term funds seeking to earn a better rate of return than a traditional savings account or money market fund. Under normal market conditions, this fund's holdings will consist primarily of fixed income securities in the U.S. Government, government backed obligations, C.D.'s or similar types of investments with average maturities of three years or less.

The fund has the following target allocations:

100% Fixed Income: U.S. Government backed bonds, corporate bonds, treasury bills, C.D.'s, mutual funds and cash equivalents. The fund shall have an average maturity of 3 years or less.

RATE OF RETURN—2020

	MTD	QTD	YTD	Trailing 12
Actual*	-0.07%	0.28%	3.53%	4.12%
Benchmark	0.02%	0.05%	2.52%	2.66%

RATE OF RETURN—2015-2019

	1-Year	3-Year	5-Year
Actual*	4.90%	3.04%	1.73%
Benchmark	3.22%	1.87%	1.40%

*Net of fees

SCHOLARSHIPS

Changing Students' Lives

APPLICATIONS OPEN DECEMBER 1

Thanks to many generous people, over \$163,000 was given for the 2020-2021 school year, and 100+ scholarships will be available again this year. Criteria for each scholarship can be found at <https://iumf.org/scholarships/>. Applications will be posted from December 1—March 1. There are also flyers and bulletin inserts available for you to share with the students in your congregation.

If you want to change a student's life by setting up a tax deductible scholarship fund, contact the Foundation office at 515-974-8927 or info@iumf.org and we can help!



BUILDING FUND TRUST

Offering Loans NOW

STARTING AS LOW AS \$5,000

The pandemic has caused numerous churches to hold virtual worship services, and many are finding their current technology is not up to the job. A Building Fund Trust loan may be the answer! These loans can be used for a variety of purposes, including technology and multimedia upgrades. Starting at just \$5,000, your church doesn't need a massive renovation project in order to be eligible.

Visit us at <https://iumf.org/church-building-loans/> to learn more and apply!

