

IOWA UNITED METHODIST FOUNDATION



1st Quarter Report 2021

How can we help YOU? Our office staff continues to partially work from home, but we are available during regular business hours via phone or email and would love to answer any questions you have.

Here are three programs we are offering this summer and fall:



Are you a pastor with seminary debt?

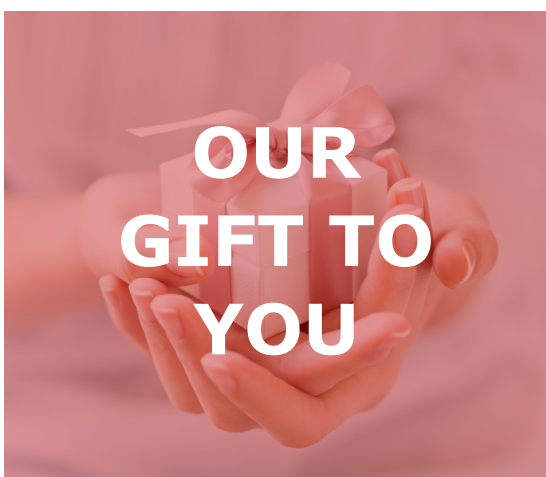
A HELP loan may be able to do just that—help! Iowa is one of just a few states with the Higher Education Loan Program. The Foundation will pay off your loan(s), then you pay back the Foundation at an interest rate of just 1.5%. This low rate can save you hundreds, if not thousands, of dollars in interest payments!

Applications are open June 1—September 1 annually. For more information, check out our website: <https://iumf.org/help-loans/>.

Want to learn more about investments?

We are ready to start meeting (safely) in person again! We would love to meet with you—virtually or in person—to review Foundation investments you may have or be interested in. Workshops are available on a variety of topics, including:

- Reviewing church investments/learning what is available
- How to receive large gifts and inspire generosity
- Tax-savvy ways to support your favorite ministries
- *Your Will Your Way*—encouraging long-term financial support



Estate planning made easy!

Creating or reviewing your estate plan is important to ensure your documents appropriately reflect your current situation. The Foundation is providing complimentary, confidential assistance to review or develop your plan. You are under NO obligation to leave a gift to anyone. You have the opportunity to meet virtually with estate planning expert lawyer Johni Hays of *Thompson and Associates*.

Contact us today to set up your complimentary conversation and get the peace of mind you deserve.

FUND PERFORMANCE REPORT

As of March 31, 2021

Investments were made according to the Social Principals (Book of Discipline Paragraph 717) and were focused on high quality bonds and value stocks. Please feel free to contact us if you would like to review your investments.

The actual net returns for each of the funds as of March 31, 2021

	March	QTD	YTD	Trailing 12
Balanced	2.18%	4.84%	4.84%	37.24%
Bond	-0.28%	-0.57%	-0.57%	4.13%
Equity	3.58%	7.61%	7.61%	56.56%
STI	-0.38%	-0.95%	-0.95%	1.46%

Benchmark average gross returns for each of the funds as of March 31, 2021:

(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	1.91%	4.71%	4.71%	34.77%
Bond ₂	-0.57%	-0.75%	-0.75%	5.67%
Equity ₃	3.56%	7.63%	7.63%	56.38%
STI ₄	-0.03%	-0.38%	-0.38%	1.01%

¹24% MSCI EAFE / 24% S&P 500 / 12% S&P 1000 / 30% Barclay's Government Credit / 10% ML US High Yield BB 1-10 yr.

²75% Barclay's Government Credit / 25% ML US High Yield BB 1-10 yr.

³40% MSCI EAFE / 40% S&P 500 / 20% S&P 1000

⁴Barclay's 1-3 year Gov. Index

Average annual calendar returns (2016-2020):

PERFORMANCE (Net Returns)	2020	2018-2020	2016-2020
Balanced	11.17%	8.84%	7.59%
Bond	3.07%	2.90%	1.76%
Equity	11.49%	10.75%	10.15%
STI	3.90%	3.18%	3.42%

BENCHMARK	2020	2018-2020	2016-2020
Balanced	9.99%	9.57%	9.33%
Bond	5.79%	4.95%	3.51%
Equity	11.50%	10.94%	13.21%
STI	2.74%	2.43%	1.73%

BALANCED FUND

As of March 31, 2021

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.

RATE OF RETURN—2021

	March	QTD	YTD	Trailing 12
Actual*	2.18%	4.84%	4.84%	37.24%
Benchmark	1.91%	4.71%	4.71%	34.77%

RATE OF RETURN—2016-2020

	2020	2018- 2020	2016- 2020
Actual*	11.17%	8.84%	7.59%
Benchmark	9.99%	9.57%	9.33%

BALANCED FUND BOND

CHARACTERISTICS:

Duration	2.44
Average Credit Quality	BBB+

*Net of fees

BALANCED FUND BOND:

Sector	% of Portfolio
Treasury	3.00%
Corporate (IG)	20.00%
Corporate (HY)	10.00%
Mortgages	0.00%

BALANCED FUND EQUITY:	% of Allocations
Large Cap	25.00%
Mid Cap	12.00%
Small Cap	5.00%
International	24.00%
Cash	1.00%

BOND FUND

As of March 31, 2021

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.

RATE OF RETURN—2021

	March	QTD	YTD	Trailing 12
Actual*	-0.28%	-0.57%	-0.57%	4.13%
Benchmark	-0.57%	-0.75%	-0.75%	5.67%

RATE OF RETURN—2016-2020

	2020	2018- 2020	2016- 2020
Actual*	3.07%	2.90%	1.76%
Benchmark	5.79%	4.95%	3.51%

EQUITY & SHORT TERM INCOME

As of March 31, 2021

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.

RATE OF RETURN—2021

	March	QTD	YTD	Trailing 12
Actual*	3.58%	7.61%	7.61%	56.56%
Benchmark	3.56%	7.63%	7.63%	56.38%

RATE OF RETURN—2016-2020

	2020	2018- 2020	2016- 2020
Actual*	11.49%	10.75%	10.15%
Benchmark	11.50%	10.94%	13.21%

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.

RATE OF RETURN—2021

	March	QTD	YTD	Trailing 12
Actual*	-0.38%	-0.95%	-0.95%	1.46%
Benchmark	-0.03%	-0.38%	-0.38%	1.01%

RATE OF RETURN—2016-2020

	2020	2018- 2020	2016- 2020
Actual*	3.90%	3.18%	3.42%
Benchmark	2.74%	2.43%	1.73%

*Net of fees

MARKET SUMMARY

The markets continue to be volatile, with gains being erased then partially recovered in very choppy sessions. Markets look forward, so they are vulnerable to expectations on the news, even before things actually happen. Higher tax rates are a concern, along with inflation, so this may be a situation of market values perhaps higher than would be warranted. Increasing interest rates may disrupt the markets further as investors try for higher but safer yields elsewhere.

STOCKS & BONDS

While markets have risen above pre-pandemic levels, these elevated amounts are at a significant risk considering rising interest rates and concerns about inflation. In some cases, bonds remain below pre-pandemic levels, and are still low by historic standards, with tightening credit spreads. When interest rates go up, typically bond prices go down, which has happened this quarter.

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