

IOWA UNITED METHODIST FOUNDATION



3rd Quarter Report 2021

Welcome to fall! October is Clergy Appreciation Month and we'd like to recognize the hard work and sacrifice of clergy members across Iowa. **Thank you for all you do!** The Foundation can help you achieve your ministry goals in many ways: below learn about ways we offer support and inside review our fund performance over the past quarter. We'd love to answer any questions you have—**contact us today to see how we can help!**



Scholarships Open December 1:

There are over 100 scholarships available through the Foundation each year! Encourage the students from your congregation to apply by visiting our website: <https://iumf.org/scholarships/>. Every year we have scholarships that go unclaimed because the right person didn't apply—maybe that person is you!

How to Maximize Year-End Giving:

1. Share the stats—show people they are not alone.
2. Communicate ease and flexibility of giving.
3. Remind people wills are for everyone.

See the full list and details on our blog: <https://iumf.org/blog/>



Our Gift to You:

October 18-24 is Estate Planning Awareness Week! We want you to feel peace of mind about your will by offering free consultation with our estate planning expert, Johni Hays of *Thompson & Associates*. It includes an initial visit to learn about the service, then if you want to participate, the process takes about five meetings and concludes with a plan that meets your goals. We have new openings so contact us today to get started!

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FUND PERFORMANCE REPORT

As of September 30, 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 September 30, 2021

	September	QTD	YTD	Trailing 12
Balanced	-2.46%	-0.54%	8.38%	20.85%
Bond	-0.47%	-0.56%	-0.39%	0.45%
Equity	-3.88%	-0.88%	12.50%	31.26%
STI	-0.23%	-0.01%	-0.60%	-0.25%

Benchmark average gross returns for each of the funds as of September 30, 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.)

	September	QTD	YTD	Trailing 12
Balanced ₁	-2.40%	-0.03%	9.21%	20.62%
Bond ₂	-0.32%	0.51%	1.09%	2.56%
Equity ₃	-3.69%	-0.32%	14.12%	32.96%
STI ₄	-0.10%	0.06%	-0.36%	-0.15%

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 September 30, 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

	September	QTD	YTD	Trailing 12
Actual*	-2.46%	-0.54%	8.38%	20.85%
Benchmark	-2.40%	-0.03%	9.21%	20.62%

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	2.55
Average Credit Quality	BBB+

*Net of fees

BALANCED FUND BOND:

Sector	% of Portfolio
Treasury	14.85%
Corporate (IG)	55.42%
Corporate (HY)	25.81%
Mortgages	0.00%
Cash	3.92%

BALANCED FUND EQUITY:	% of Allocations
Large Cap	40.00%
Mid Cap	15.00%
Small Cap	5.00%
International	40.00%
Cash	0.00%

BOND FUND

As of September 30, 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

	Sep- tember	QTD	YTD	Trailing 12
Actual*	-0.47%	-0.56%	-0.39%	0.45%
Benchmark	-0.32%	0.51%	1.09%	2.56%

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 September 30, 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

	Sep- tember	QTD	YTD	Trailing 12
Actual*	-3.88%	-0.88%	12.50%	31.26%
Benchmark	-3.69%	-0.32%	14.12%	32.96%

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

	Sep- tember	QTD	YTD	Trailing 12
Actual*	-0.23%	-0.01%	-0.60%	-0.25%
Benchmark	-0.10%	0.06%	-0.36%	-0.15%

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

EQUITY FUND

With concerns about the lingering pandemic economic growth, political turmoil and rising interest rates, this ended up being a very choppy quarter. The S&P 500 fell almost 5% during September, ending a streak of increases every month. The global equity market was down as a result, which leads to increasing concerns about a variety of economic risks.

BOND FUND

Concerns about inflation are present, as well as lowered expectations about growth. The policies of the central banks, which cannot be anticipated, have also contributed to jitters about the tight bond credit spreads. Asian markets appear to be further along in the economic cycle, and elements of policy tightening may signal a headwind to the bond market. Global trade and supply chain issues continue to cause tension.

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