

IOWA UNITED METHODIST FOUNDATION

3rd Quarter Report 2022

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Apply for Scholarships Starting December 1st

Thanks to generous donations, IUMF is able to offer over 100 scholarships for the 2023-2024 academic year. Scholarship criteria are set by individual donors, so some are specifically for seminary students; or students of a certain major; or from a specific county; or to any UM church member. We encourage you to visit our

website <https://iumf.org/scholarships> to learn the requirements so you are ready to apply when scholarships open December 1st. On the next page we answer some FAQs.

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Market Report

The importance of long-term investing, which is what the Foundation does, is key during market downturns, such as we have recently experienced. When viewed over a 2-5 year timespan, historically the “bulls” (when market value goes up) outperform the “bears” (when market value goes down). Although the bear markets and recessions seem to last forever when you're in the middle of one, it is important to stay invested so you take advantage of and capture the upside.



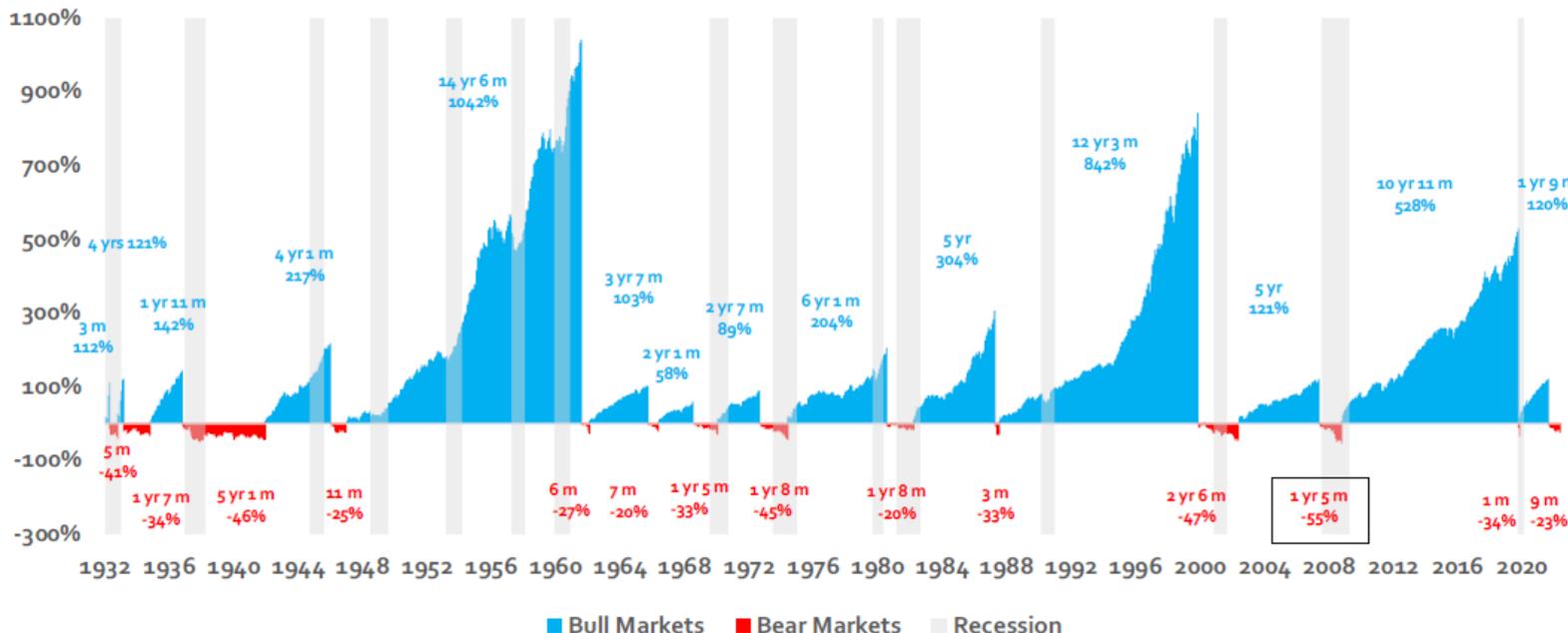
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MARKET REPORT

Continued from page 1

S&P 500 in Bull and Bear Markets: Cumulative Total Returns

June 1, 1932 through September 30, 2022



Source: Bloomberg, Morgan Stanley Wealth Management GIC; Indices used: S&P 500 Index

As seen in this historical chart showing the last 90 years of S&P 500 performance, recovery can be quick, and you do not want to miss the bounce back up. Often the best “up” days quickly follow the “down” days, and if those opportunities are missed, it can be difficult to recapture those gains.

OTHER MARKET CONDITIONS

Bonds have had the worst ever recorded drop in the first three quarters of 2022. Although it dropped significantly, the Foundation’s Bond Fund did outperform the benchmark accounts, due to maintaining a shorter maturity duration. By having shorter maturity dates in a rising interest rate environment we are able to invest the maturing proceeds into higher interest rates quicker than a traditional portfolio.

The Foundation’s Equity Fund has also outperformed benchmarks year-to-date, due to harvesting cash from last year’s peak. We also maintain a bias toward value stocks. Many speculative growth names (to which we have minimized exposure) have underperformed as we have seen demand normalize from lower government stimulus, elevated inflation and high interest rates.

Please feel free to contact the Foundation if you have questions about your investments.

Chart disclaimer: Past performance is no guarantee of future results. Estimates of future performance are based on assumptions that may not be realized. This material is not a solicitation of any offer to buy or sell any security or other financial instrument or to participate in any trading strategy.

SCHOLARSHIPS

Open December 1—March 1

Frequently Asked Questions:

Q: Why should I apply?

A: With the cost of education increasing, it's worth the time and energy to apply. Many recipients end up making over \$100/hour of time they took to apply. Pro tip: use the same (or similar) essays and letters of recommendation to apply for multiple scholarships. Each year we have at least one unclaimed scholarship, so make sure you apply for all scholarships for which you are eligible!

Q: How do I apply?

A: Visit <https://iumf.org/scholarships>. Starting December 1, 2022, there will be a link at the top of this page that takes you to our scholarship software. Pro tip: take the time to write a thoughtful essay. Often our scholarship committee is moved more by what you write than how well it is written. Submit all applications before March 1st.

Q: How will I be notified if I am selected?

A: Notifications are emailed by the end of May. We recommend adding these email addresses to your safe senders list so your notice doesn't go to junk mail: donotreply@applyISTS.com & contactus@applyISTS.com.

Q: What are my responsibilities if I am selected as a recipient?

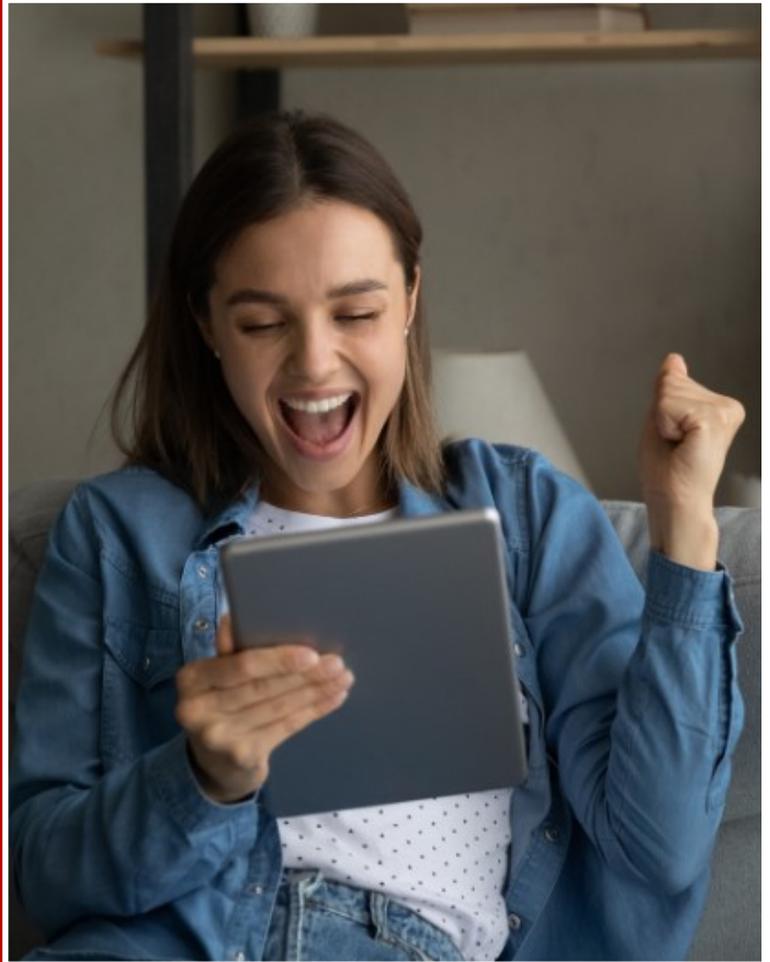
A: You must enroll as a full-time student in the fall and continue the entire academic year. Verification of Enrollment (VOE) must be sent to IUMF by your school's registrar as soon as classes begin. We will not mail your scholarship funds until we receive your VOE.

Q: If I received a scholarship last year, do I need to apply again?

A: Yes! All scholarships are awarded on an annual basis so recipients must re-apply.

Q: How can I set up a scholarship fund?

A: Contact us at info@iumf.org or 515-974-8927 and we will walk you through the process.



LETTER FROM THE DIRECTOR

Regarding the General Conference



With the United Methodist General Conference now postponed until 2024, we want to reaffirm that:

Your investments are **secure**. No action taken by the General Conference will impact ANY church or individual's ability to utilize the Foundation.

The Foundation is **independent** of the General Conference, the Iowa Annual Conference, the Council of Bishops, the GCFA, Wespath and any other United Methodist denominational entity. We are registered as an Iowa Nonprofit Organization and we hold an independent IRS 501(c)(3) tax-exempt ruling.

No apportionment funds are received by the Foundation.

Our **mission** remains. The Foundation continues to serve as a prudent investor for ALL non-profit organizations, regardless of denomination. The Foundation will continue to partner with individuals and congregations for the **long-term financial support** of the ministries they love.

If you have questions, please contact me at katharine.yarnell@iumf.org or 515-974-8928.

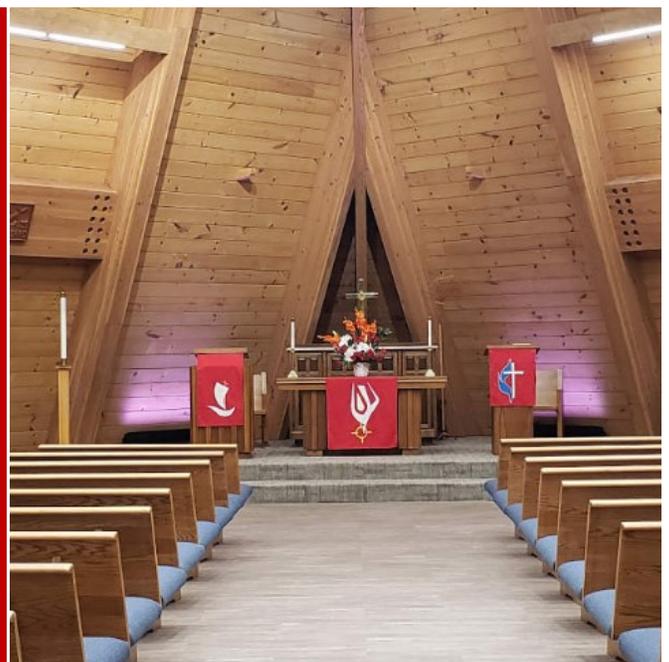
Many Blessings,

Katharine Yarnell

Executive Director, IUMF

DOES YOUR CHURCH NEED RENOVATIONS?

A loan from our Building Fund Trust may be the answer! We offer loans for a variety of purposes at competitive rates and even have a loyalty discount for churches who already invest with us! Learn more at <https://iumf.org/church-building-loans/>



FUND PERFORMANCE REPORT

As of September 30, 2022

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

The actual net returns for each of the funds as of September 30, 2022

	September	QTD	YTD	Trailing 12
Balanced	-6.19%	-4.61%	-19.65%	-16.44%
Bond	-1.66%	-2.19%	-7.07%	-7.51%
Equity	-9.30%	-6.84%	-25.07%	-19.69%
STI	-2.17%	-1.59%	-6.41%	-6.96%

Benchmark average gross returns for each of the funds as of September 30, 2022: *(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	-6.73%	-5.32%	-19.59%	-16.32%
Bond ₂	-2.90%	-3.95%	-11.81%	-12.06%
Equity ₃	-9.29%	-6.17%	-24.49%	-19.25%
STI ₄	-1.17%	-1.55%	-4.57%	-4.93%

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

Average annual calendar returns (2017-2021):

PERFORMANCE	2021	2019-2021	2017-2021	BENCHMARK	2021	2019-2021	2017-2021
Balanced	12.72%	13.67%	6.42%	Balanced	13.64%	14.30%	7.16%
Bond	-0.86%	2.46%	1.26%	Bond	0.80%	5.04%	3.00%
Equity	20.56%	18.91%	8.45%	Equity	22.04%	19.91%	8.92%
STI	-1.18%	2.50%	1.72%	STI	-0.73%	1.73%	1.35%

BALANCED FUND

As of September 30, 2022

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.

RATE OF RETURN—2022

	September	QTD	YTD	Trailing 12
Actual*	-6.19%	-4.61%	-19.65%	-16.44%
Benchmark	-6.73%	-5.32%	-19.59%	-16.32%

RATE OF RETURN—2017-2021

	2021	2019-2021	2017-2021
Actual*	12.72%	13.67%	6.42%
Benchmark	13.64%	14.30%	7.16%

BALANCED FUND BOND:

Sector:	% of Portfolio
Treasury	14.78%
Corporate (IG)	61.21%
Corporate (HY)	20.10%
Mortgages	0.00%
Cash	3.91%

BALANCED FUND EQUITY:

Sector:	% of Portfolio
Large Cap	39.80%
Mid Cap	14.20%
Small Cap	5.60%
International	40.00%
Cash	0.40%

BALANCED FUND BOND

CHARACTERISTICS:

Duration	2.18
Average Credit Quality	BBB+

*Net of fees

BOND FUND

As of September 30, 2022

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—2022

	September	QTD	YTD	Trailing 12
Actual*	-1.66%	-2.19%	-7.07%	-7.51%
Benchmark	-2.90%	-3.95%	-11.81%	-12.06%

ASSET ALLOCATION BOND

Cash	2.55%
Investment Grade	62.38%
High Yield	19.93%
Treasury	15.14%

RATE OF RETURN—2017-2021

	2021	2019-2021	2017-2021
Actual*	-0.86%	2.46%	1.26%
Benchmark	0.80%	5.04%	3.00%

EQUITY & SHORT TERM INCOME

As of September 30, 2022

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—2022

	September	QTD	YTD	Trailing 12
Actual*	-9.30%	-6.84%	-25.07%	-19.69%
Benchmark	-9.29%	-6.17%	-24.49%	-19.25%

RATE OF RETURN—2017-2021

	2021	2019-2021	2017-2021
Actual*	20.56%	18.91%	8.45%
Benchmark	22.04%	19.91%	8.92%

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—2022

	September	QTD	YTD	Trailing
Actual*	-2.17%	-1.59%	-6.41%	-6.96%
Benchmark	-1.17%	-1.55%	-4.57%	-4.93%

RATE OF RETURN—2017-2021

	2021	2019-2021	2017-2021
Actual*	-1.18%	2.50%	1.72%
Benchmark	-0.73%	1.73%	1.35%

*Net of fees

OUR GIFT TO YOU

Estate Planning Support

Do you have questions about your will?

Ask an estate planning lawyer—confidentially and at no cost to you!

Creating or reviewing your estate plan is important to ensure your documents appropriately reflect your current situation. The Foundation is providing complimentary assistance with this process through meetings with estate planning expert Johni Hays of Thompson & Associates. These meetings are between you and Johni—no Foundation representatives are present.

The process provides clarity, peace of mind and an incredible sense of significance—you leave knowing your will and estate plan tell your story, reflect your values and support your loved ones.

You can use your meeting time to simply ask a question; there is no obligation to continue. There is also NO obligation or pressure to leave a gift to anyone.

To set up a time for your complimentary conversation with Johni, contact us at info@iumf.org or 515-974-8927.



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.

2301 Rittenhouse Street, Des Moines, IA 50321
515.974.8927 | info@iumf.org | <https://iumf.org>