

# IOWA UNITED METHODIST FOUNDATION

## 3rd Quarter Report 2023

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### Scholarships open December 1st

Thanks to our generous donors, the **Foundation's scholarship program** awarded over **\$300,000 for the 2023-2024 academic year**, helping many students across Iowa attend college! We are excited to begin this year's scholarship season, which opens on December 1st, 2023. Make sure to tell the students in your congregation about this special opportunity!

Criteria for the different scholarships are set by individual donors, so we have a variety of awards available. Some give preference to a certain major, a particular university, or a specific congregation or county. Visit our website to view the types of scholarships we offer,

*Continued on page 2*



### YOU are invited to receive a special gift

*Our Gift to You* is a values-based estate planning consultation offered through our partnership with *Thompson & Associates*, a national leader in estate planning services. Participation includes a meeting or series of meetings (you can decide) with an expert



estate planning lawyer. You can utilize your time to ask questions about and review an existing will or estate plan, or to craft a new plan that reflects your personal desires. While the Foundation is available to help,

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# SCHOLARSHIPS

## Frequently Asked Questions

*Continued from page 1*

... as well as the eligibility requirements for each: <https://iumf.org/scholarships/>. Applications will be accepted December 1st—March 1st.

Below you can find the answers to some of our most commonly asked scholarship questions:

**Q:** How do I apply?

**A:** Visit our website <https://iumf.org/scholarships/>. Starting December 1st, there will be a red APPLY NOW button at the top of the page that will take you to a third party application site.

**Q:** What do I do if I'm chosen to receive a scholarship?

**A:** You must accept your scholarship(s) online after you are notified via email. You then must enroll as a full-time student in the fall and continue the entire academic year. YOU (the recipient) are responsible for sending a Verification of Enrollment (VOE) from your school's registrar to the Foundation. We will not mail your scholarship funds until we receive your VOE.

**Q:** Why do I have to submit a VOE? My other scholarships do not require one.

**A:** Many applicants change their mind about which school they will attend, or even about attending school at all, between the time they submit their application and when school starts. We must verify that the recipient is attending school (and where they are attending) in order to make sure we are following the wishes of our donors.

**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:** Can I set up a new scholarship?

**A:** Yes! You can set up a fund in your name or in the name of a loved one, and you can help set the selection criteria. Contact us at [info@iumf.org](mailto:info@iumf.org) or 515-974-8927 and we will walk you through the process.





# OUR GIFT TO YOU

## *Estate Planning Support*

*Continued from page 1*

... all meetings are confidential. All conversations will be held in strictest confidence without any Foundation representative present.

For our clients who have completed it, they say the process provided clarity, peace of mind and a sense of significance—you leave knowing your estate plan tells your story, reflects your values and supports your loved ones.

For those who already have an estate plan, this process is still valuable. It will increase your understanding of your existing plan and educate you in a number of significant giving and tax options that you might not be aware of. *Thompson & Associates'* expertise in this area can add a valued-based component that your current plan doesn't have.

You can also use your time to simply ask a question. There is no obligation to continue with the process once you start, and no obligation to leave a gift to anyone.

To set up a time for your complimentary conversation with our expert, contact us at [info@iumf.org](mailto:info@iumf.org) or 515-974-8927. Learn more on our website: <https://iumf.org/services-for-individuals/our-gift-to-you/>.



## 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.

# COVID RECOVERY GRANTS AWARDED

## *Improving Clergy Well-Being*

Partnering with Wespeth (and their *Clergy Financial Well-Being Initiative*) and Lilly (and their endowment *Economic Challenges Facing Pastoral Leaders*), the Foundation recently awarded grants to 35 pastors across Iowa. These funds were meant to improve financial literacy and well-being for clergy harshly affected by the pandemic, especially under-served clergy and clergy of color.

Recipients told us the funds went toward things like reimbursement for technology equipment purchased during the pandemic, fixing a church van so families could continue to come to church, a flight home to visit family a pastor had not seen since before the pandemic, help with mental health care and reimbursement for masks and hygiene products. One recipient told us, “As immigrants we don’t have relatives in this country outside of our house, and it’s beautiful to see our brothers and sisters responding in many ways after my family went through Covid-19. It is good to see how God shows his love through his children in moments of need.”

IUMF continues to look for ways to support pastors and churches around Iowa. Sign up for our monthly e-newsletter so you don’t miss any announcements: <https://iumf.org/connect/>.



# FUND PERFORMANCE REPORT

*As of September 30, 2023*

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, 2023

	September	QTD	YTD	Trailing 12
Balanced	-2.82%	-2.64%	4.41%	12.55%
Bond	-1.16%	-0.88%	0.77%	2.45%
Equity	-4.31%	-4.33%	7.46%	20.69%
STI	-0.79%	-0.45%	0.11%	1.38%

**Benchmark average gross returns for each of the funds as of September 30, 2023:** (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 <sub>1</sub>	-3.07%	-2.54%	5.77%	14.40%
Bond <sub>2</sub>	-1.16%	-0.70%	1.78%	4.06%
Equity <sub>3</sub>	-4.35%	-3.80%	8.34%	21.42%
STI <sub>4</sub>	-0.02%	0.72%	1.74%	2.50%

<sup>1</sup> 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.

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

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

## Average annual calendar returns (2018-2022):

IUMF	1 YEAR	3 YEAR	5 YEAR	BENCHMARK	1 YEAR	3 YEAR	5 YEAR
Balanced	-2.22%	2.77%	3.40%	Balanced	-2.17%	2.82%	4.21%
Bond	-0.01%	-1.17%	0.12%	Bond	-0.28%	-1.30%	0.92%
Equity	-3.71%	4.20%	4.77%	Equity	-3.44%	4.81%	5.34%
STI	-0.08%	-0.90%	0.63%	STI	0.18%	-0.66%	0.55%

# BALANCED FUND

*As of September 30, 2023*

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—2023

	September	QTD	YTD	Trailing 12
Actual*	-2.82%	-2.64%	4.41%	12.55%
Benchmark	-3.07%	-2.54%	5.77%	14.40%

## RATE OF RETURN—2018-2022

	1 YEAR	3 YEAR	5 YEAR
Actual*	-2.22%	2.77%	3.40%
Benchmark	-2.17%	2.82%	4.21%

## BALANCED FUND BOND:

Sector:	% of Portfolio
Treasury	12.23%
Corporate (IG)	68.05%
Corporate (HY)	19.27%
Mortgages	0.00%
Cash	0.45%

## BALANCED FUND EQUITY:

Sector:	% of Portfolio
Large Cap	40.80%
Mid Cap	12.90%
Small Cap	5.80%
International	40.10%
Cash	0.40%

## BALANCED FUND BOND

### CHARACTERISTICS:

Duration	3.25
Average Credit Quality	BBB+

\*Net of fees



# BOND FUND

*As of September 30, 2023*

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—2023

	September	QTD	YTD	Trailing 12
Actual*	-1.16%	-0.88%	0.77%	2.45%
Benchmark	-1.16%	-0.70%	1.78%	4.06%

## ASSET ALLOCATION BOND

Cash	1.48%
Investment Grade	68.99%
High Yield	20.89%
Treasury	8.64%

## RATE OF RETURN—2018-2022

	1 YEAR	3 YEAR	5 YEAR
Actual*	-0.01%	-1.17%	0.12%
Benchmark	-0.28%	-1.30%	0.92%

# EQUITY & SHORT TERM INCOME

*As of September 30, 2023*

**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—2023

	September	QTD	YTD	Trailing 12
Actual*	-4.31%	-4.33%	7.46%	20.69%
Benchmark	-4.35%	-3.80%	8.34%	21.42%

## RATE OF RETURN—2018-2022

	1 YEAR	3 YEAR	5 YEAR
Actual*	-3.71%	4.20%	4.77%
Benchmark	-3.44%	4.81%	5.34%

**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—2023

	September	QTD	YTD	Trailing 12
Actual*	-0.79%	-0.45%	0.11%	1.38%
Benchmark	-0.02%	0.72%	1.74%	2.50%

## RATE OF RETURN—2018-2022

	1 YEAR	3 YEAR	5 YEAR
Actual*	-0.08%	-0.90%	0.63%
Benchmark	0.18%	-0.66%	0.55%

\*Net of fees

# MARKET REVIEW

*3rd Quarter 2023*

## MARKET REVIEW

In general, the US economy this quarter has been resilient, but still sluggish. There remains concern about inflation and possible recession. The theme for the short-term is high volatility, which highlights the importance of patience, commitment and discipline for the long-term. Both stocks and bonds were down in value due to the Federal Reserve continuing to increase interest rates. New home and car sales are down as rates rise, and the impact remains unknown on student loan payments, as they restart in October. Despite increasing jobs numbers, there is still a long downtrend of reduced anticipated manufacturing, as well as the continuing Russia/Ukraine war.

## BONDS

As interest rates continue to rise, market value declines again. If this is the third full year of decline in bond prices, it will be for the first time ever in the history of the US. The Fed skipped a price hike in September, but it is unclear what will happen in the fourth quarter.

## EQUITY

The stock market prices are cooling again, and the increases are concentrated in the very largest companies. This is especially true for the tech giants, due to speculation on the impact of Artificial Intelligence (A.I.). These stocks have neared historically high Price/Earnings ratios. The value of the US dollar is down, although there are some improved earnings.

## The Foundation wants you to know:

- Your investments are **secure**. You do **NOT** need to withdraw them if your congregation disaffiliates.
- IUMF is an **independently**-registered Iowa Non-profit Organization. We hold an **independent** IRS 501(c)(3) tax-exempt ruling.
- IUMF can work with **any** non-profit organization.
- IUMF will continue to partner with individuals and congregations for the **long-term financial support** of the ministries they love.



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