

January 15, 2025

The Ministry Fund Q4 2024 Commentary

The U.S. and international financial markets had mixed results in the fourth quarter of 2024. Despite the Fed's move to lower interest rates, market expectations are that interest rates will rise in the intermediate run, causing bond indices across the board to decrease. U.S. equities markets had mixed results, with growth outpacing value. International equities markets significantly struggled during the quarter. A strong U.S. dollar, geopolitical turmoil, and concerns over global growth caused these struggles.

The fixed-income and equities markets ended the year with mostly positive results but with a wide dispersion of increases. U.S. growth equities captured the headlines with strong results. However, the headlines did not reflect the broader investment universe. Outside of growth stocks, most investments saw lower single-digit gains. This concentration of returns presented challenges for institutional investors with well-diversified portfolios, such as The Ministry Fund. While these portfolios did well on an absolute basis, they looked underwhelming due to a handful of well-performing companies and a speculative run of technology companies where investors hope to hit it big with the next Nvidia. Allocations to international equities also dampened performance but are necessary to reduce long-term volatility. Well-diversified portfolios such as The Ministry Fund are built to last into perpetuity. Instead of following fashionable trends, they tilt their allocations to high-quality investments with an emphasis on cash flow and solid investment fundamentals.

The Ministry Fund decreased -2.41% in the fourth quarter of 2024 and increased 7.68% for the year. The Fund achieved its stated objectives of earning 7.5% annually and distributing 4-5%. The portfolio allocation is optimized with a quality and value tilt, a conventional posture at this point in the market cycle. The recent additions of alternative assets are expected to drive returns but will also dampen the effects of future market corrections and lower the volatility of Fund instruments.

Scott M. Mitchell, CAIA, CPA

Director of Investments

Portfolio Return

	3 Months	1 Year	3 Year	5 Year	7 Year	Since Inception
The Ministry Fund	-2.41	7.68	1.93	5.10	5.37	8.41

Calendar Year Return

	2024	2023	2022	2021	2020
The Ministry Fund	7.68%	12.22%	-12.37%	10.50%	9.58%

Income Spending Policy

	1 Year	3 Year (Annualized)	5 Year (Annualized)	7 Year (Annualized)
Policy Dividend	4.77%	4.98%	4.89%	4.92%

- * The Income Spending Policy is established by the Ministry Trust, LLC. Board of Advisors and sets the rate of income distributed in the form of a dividend to participants.
- * The return results reported total the net change in the unit value of the Fund plus the Income Spending Policy Dividend provided above.
- * Performance reported is based on client return, which equals return on investments less all expenses and fees.
- * Client experience may vary due to account activity and market timing. Past performance is no guarantee of future results.