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Greetings,

As of the end of the 3rd quarter of 2024, net of fees, the returns of the fund models are:

As of 9/30/2024	3rd Qtr 2024	Year to Date	Last 1 Year†	Last 3 Years†	Last 5 Years†	Last 10 Years†
Aggressive Fund	**5.93%**	**14.39%**	**26.49%**	**7.16%**	**11.39%**	**8.84%**
Agg. Climate	5.92%	17.80%	29.26%	7.83%	n/a	n/a
benchmark*	6.30%	16.57%	28.72%	7.67%	11.46%	9.07%
Moderate Fund	**5.31%**	**11.37%**	**21.03%**	**5.09%**	**8.34%**	**6.67%**
Mod. Climate	5.26%	13.89%	23.70%	6.04%	7.90%	n/a
benchmark*	5.56%	12.84%	22.60%	5.64%	8.53%	7.18%
Conservative Fund	**4.56%**	**7.98%**	**15.28%**	**3.03%**	**5.06%**	**4.37%**
Con. Climate	4.50%	9.24%	16.40%	3.45%	n/a	n/a
benchmark*	4.77%	8.96%	16.31%	3.35%	5.23%	5.02%

*"Benchmark" is a blend of benchmarks for the fund's underlying portfolios of stocks and fixed income, relative to the portfolio allocations within the fund's model. †Rates of return (1+ years) are annualized. See the monthly performance reports online: https://midwestmethodist.org/investment-performance-reports/

Market Commentary from Charles Schwab & Co., Inc.

Schwab's Liz Ann Sonders, Chief Investment Strategist, and Kevin Gordon, Senior Investment Strategist, wrote in their October 14, 2024, market commentary, "This unique bull market is still young relative to history and, for now, supported by relatively healthy breadth and broadening participation."[1] Bull markets start at the end of bear markets (a bear market is defined by at least a 20% decline in stock prices from a market high, typically using the S&P 500). The most recent bear market was 1/3/2022 to 10/12/2022.

Sonders and Gordon wrote:

> "One aspect in which we had been waiting to see improvement, and now finally have, was the breadth of gains across sectors. As shown in the table below, in the first year of this bull market, participation was unimpressive and concentrated in two sectors: Information Technology and Communication Services. Even more concerning was the fact that two sectors (Consumer Staples and Utilities) were down in the first year, which has never happened.
>
> While that underscores the relatively unhealthy nature of this bull market's early days, we think it speaks more to the fact that investors have at times opted to look for shelter in non-traditionally defensive sectors throughout this cycle. That has looked less extreme in the past year, though, since you can see (via the far-right column) that more sectors have joined the party. One of the most notable and impressive jumps has been for Financials, which is trailing only Tech over the past year."

S&P 500 current bull market sector performance		
	Year 1 (10/12/22-10/12/23)	Year 2 (10/12/23-10/11/24)
Communication Services	43.9%	35.8%
Consumer Discretionary	15.9%	24.1%
Consumer Staples	-0.7%	25.2%
Energy	9.0%	6.4%
Financials	9.5%	40.4%
Health Care	6.1%	19.1%
Industrials	21.1%	34.8%
Materials	13.7%	23.4%
Real Estate	1.0%	26.5%
Information Technology	48.9%	47.6%
Utilities	-4.7%	35.1%

Source: Charles Schwab, Bloomberg, as of 10/11/2024.

Indexes are unmanaged, do not incur management fees, costs and expenses and cannot be invested in directly. **Past performance is no guarantee of future results.**

Sonders and Gordon concluded their commentary, in sum:

> "So much can be (and has been) said about the unique nature of this bull market and economic expansion. The ripple effects of the pandemic are still lingering and among the many reasons this cycle is not easily compared to others. History is consistent, however, with the notion that bull markets don't tend to die of old age; they're usually eliminated by something—not easy to anticipate in advance. For now, we find comfort in the fact that nearly 80% of S&P 500 members are trading above their 200-day moving average, sector participation has increased markedly over the past year, and monetary conditions are more favorable for stocks. That isn't to say year three of the bull's life will be without volatility. With valuations looking quite stretched and investor sentiment (specifically behavioral measures) on the frothier end of the spectrum, the market may be a bit more vulnerable to pullbacks in the face of any negative catalysts."

"bull markets don't tend to die of old age"

There can be multiple "corrections" (a decline of at least 10%) during a bull market cycle. It is important to remind ourselves of this fact, that when stock prices hit new highs and remain high, this does not necessarily mean it is a good time to become more conservatively invested. As Sonders and Gordon point out, "nearly 80% of S&P 500 members are trading above their 200-day moving average." Broad market strength across economic sectors is often an indicator to the health of a bull market. Sonders and Gordon shared another chart in their article that demonstrated the average stock market gain during the first three years of a bull market not following a recession (the current situation) is 41.9%, and the max drawdown in the first three years was -17.1%. At some point, we will have a correction in stock prices, and no one will know if it's the next bear market. History tells us, however, that given the current circumstances of health in the economy, any market correction is likely to be just that, a correction.

"the market may be a bit more vulnerable to pullbacks in the face of any negative catalysts"

The Fed cut its policy rate 50 bps. Inflation is essentially 2%, at the Fed's target. Unemployment remains low at 4.1%. The economy is growing at a healthy and sustainable pace. The Wall Street Journal garnered much recent attention with an October 31, 2024, article titled, "The Next President Inherits a Remarkable Economy." "The high quality of recent economic growth should put a wind at the back of the White House's next occupant. Whoever wins the White House next week will take office with no shortage of challenges, but at least one huge asset: an economy that is putting its peers to shame."[2]

When stock prices appear to be priced for perfection, it may not take much for a pullback in prices to be catalyzed. History demonstrates that we should expect corrections, and even embrace them, because they are a natural part of a well-functioning market. According to Schwab, the "average bull market lasts 1,866 days [5.1 years] and sees the SPX [S&P 500] rise 180%. With that in mind, it doesn't make much sense for a long-term investor to sell stocks just because the market falls 20%, as bad as it might feel at the time. Once you sell, it can be difficult to know when to get back into the market, and you might miss hefty gains that often occur as the market emerges from bear hibernation."[3]

Respectfully,

Chris Walters

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[1] https://international.schwab.com/story/is-two-year-old-bull-market-2-legit-2-quit
[2] https://www.wsj.com/economy/the-next-president-inherits-a-remarkable-economy-7be2d059
[3] https://www.schwab.com/learn/story/bull-vs-bear-understanding-market-phases