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Greetings,

As of the end of the 4th quarter of 2024, net of fees, the returns of the fund models are:

As of 12/31/2024	4th Qtr 2024	Year to Date	Last 1 Year†	Last 3 Years†	Last 5 Years†	Last 10 Years†
Aggressive Fund	**-1.10%**	**13.13%**	**13.13%**	**4.55%**	**9.53%**	**8.81%**
Agg. Climate	-1.45%	16.09%	16.09%	4.70%	n/a	n/a
benchmark*	-0.50%	16.00%	16.00%	5.46%	9.67%	8.95%
Moderate Fund	**-0.97%**	**10.29%**	**10.29%**	**3.30%**	**7.02%**	**6.58%**
Mod. Climate	-1.23%	12.49%	12.49%	3.89%	6.67%	n/a
benchmark*	-0.53%	12.24%	12.24%	4.07%	7.26%	7.02%
Conservative Fund	**-1.10%**	**6.80%**	**6.80%**	**1.98%**	**4.23%**	**4.19%**
Con. Climate	-1.22%	7.90%	7.90%	2.14%	n/a	n/a
benchmark*	-0.81%	8.08%	8.08%	2.40%	4.44%	4.80%

*"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 Envestnet Asset Management, Inc.

Brandon Thomas, Co-Founder and Co-Chief Investment Officer, Envestnet, concluded their "Economic and Market Overview: Fourth Quarter 2024" report with the following observations and commentary:

> "The US economy closed 2024 on a strong note, with robust real GDP growth exceeding 3% annually in the latest quarter, stable unemployment near 4%, and inflation, while remaining stubbornly high, trending lower to the FOMC's 2% target. This strength was bolstered by productivity gains and increased labor force participation, supported in part by prior immigration trends. Consumers, particularly wealthier households benefiting from rising stock and housing markets, supported growth through strong spending. Corporate investment flourished, aided by incentives such as the CHIPS Act, which spurred a surge in manufacturing activity. Looking to 2025, the incoming Trump administration signals significant policy shifts. Broad-based tariffs and stricter immigration policies are poised to reshape the economic landscape, with economists divided on the potential impacts. While some argue tariffs may increase costs and inflation, the tariffs also aim to boost domestic production and address trade imbalances. In addition, experience with tariffs in Trump's first administration show that inflation is not a necessary byproduct of tariffs. Immigration adjustments may tighten labor markets but reflect broader goals of prioritizing US employment and security. Further tax cuts and deregulation could spur business growth, particularly in sectors like energy, finance, and technology, fostering a competitive corporate environment. Challenges remain, including potential inflationary pressures, higher interest rates, and global trade tensions. However, the administration's commitment to policy implementation and willingness to adjust based on economic

feedback could mitigate risks. Despite concerns, the strong foundation of the US economy, characterized by high consumer spending and resilient corporate profits, positions it to adapt to these changes effectively. With prudent management, the combination of fiscal stimulus and strategic regulatory adjustments may sustain economic growth while addressing long-term structural goals."[1]

"robust real GDP growth exceeding 3% annually in the latest quarter"

The Conference Board Global Economic Outlook, 2010-2036

Real GDP growth rates (average annual % change), updated as of 15 January 2025

	2010-2019	2020	2021	2022	2023	2024	2025	2026	2027-2031	2032-2036
United States	2.4	−2.2	6.1	2.5	2.9	2.8	2.3	1.8	1.7	1.6
Europe	1.7	−5.9	6.6	3.7	0.5	1.0	1.2	1.7	1.1	0.9
Euro Area	1.4	−6.0	6.3	3.5	0.5	0.8	1.0	1.4	1.0	0.8
Germany	2.0	−3.8	3.2	1.8	−0.3	−0.2	0.4	1.1	0.9	0.5
France	1.4	−7.6	6.8	2.6	1.1	1.1	0.7	1.2	1.0	1.0
Italy	0.2	−9.0	8.8	4.8	0.8	0.5	0.8	1.2	0.4	0.5
United Kingdom	2.0	−10.3	8.6	4.8	0.4	0.8	0.9	1.4	1.3	1.1
Japan	1.2	−4.2	2.8	0.9	1.5	−0.2	1.1	0.7	1.0	0.8
Other Mature Economies	3.2	−1.8	6.1	3.2	1.6	2.1	2.1	2.1	2.2	1.9
All Mature Economies	**2.1**	**−3.8**	**6.0**	**3.0**	**1.6**	**1.7**	**1.7**	**1.7**	**1.5**	**1.3**

According to The Conference Board Economic Outlook,[2] economic growth of the United States has out-performed and will continue to outperform the world's mature economies for the foreseeable future. This is remarkable considering the United States is only 4.2% of the world's population and yet 26% of the world's economy. Despite what people may say in surveys about their sentiment regarding the economy, the data show strength across the board.

"inflation … trending lower to the FOMC's 2% target"

The average monthly year-over-year inflation rate for 2024 was 2.9%, down from 4.1% for 2023, 8.0% for 2022, and 4.7% for 2021.[3] The Federal Open Market Committee (FOMC) on December 18, 2024, reduced the federal funds rate by 0.25% to 4.25% to 4.50% percent. Chair Powell said that day they are "more cautious as we consider further adjustments to our policy rate," and he implied further rate reductions in 2025 may only be another 0.25% to 0.50%, depending, as always, on circumstances as they develop.[4] His remarks indicated a shift from 2024 forecasts of more rate reductions in 2025. It is important to note that current inflation and federal funds rates are more in line with long-term historical averages, whereas the two decades of low rates to start the current century were exceptional to historical norms.

"Trump administration signals significant policy shifts"

The Tax Foundation, the world's leading nonpartisan tax policy nonprofit, provides an ongoing assessment of the economic impact of current and proposed tariffs. Most recently: "We estimate the 25 percent tariffs on Canada and Mexico and 10 percent tariffs on China proposed to go into effect as early as February 1, 2025, would shrink economic output by 0.4 percent and increase taxes by $1.2 trillion between 2025 and 2034 on a conventional basis … Economists generally agree free trade increases the level of economic output and income, while conversely, trade barriers reduce economic output and income. Historical evidence shows tariffs raise prices and reduce available quantities of goods and services for US businesses and consumers, resulting in lower income, reduced employment, and lower economic output."[5]

"fiscal stimulus and strategic regulatory adjustments may sustain economic growth"

During Trump's first term, the Congress passed the 2017 Tax Cuts and Jobs Act, one key provision of which substantially cut the corporate tax rate. During the first term, the administration also enacted tariffs, which, for the most part, the Biden administration kept in place. And now Trump is talking about more tariffs and more cuts to corporate taxes. Of course *tariffs are taxes* on corporations, so it remains to be seen what may be the net effect of these proposed policy changes.

The economy of the United States has grown under high and low taxes and tariffs. None of these policy changes should alter our investment discipline.

Respectfully,

Chris Walters

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[1] https://www.envestnet.com/sites/default/files/documents/PMC_QuarterlyMarketEnvironment.pdf
[2] https://www.conference-board.org/topics/global-economic-outlook
[3] https://www.usinflationcalculator.com/inflation/current-inflation-rates/
[4] https://www.federalreserve.gov/mediacenter/files/FOMCpresconf20241218.pdf
[5] https://taxfoundation.org/research/all/federal/trump-tariffs-trade-war/

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