



Annual Stewardship Report 2024

**Encouraging Lifelong Generosity
with God's Abundance**



OUR MISSION

At Midwest Methodist Foundation, we collaborate with donors and inspire individual plans for lifelong generosity. As entrusted stewards, we have decades of experience working with individuals, churches, endowments, and investment partners. Our work is grounded in our faith that we can – and must – envision a better world.

INVESTED ASSETS UNDER STEWARDSHIP

(as of 12/31/2024)

\$101,922,863

Equity and International

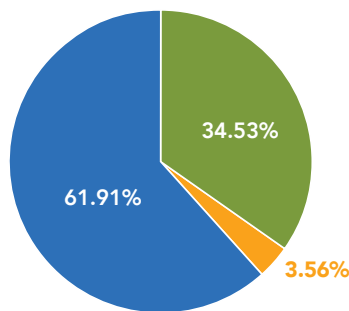
\$63,100,444

Fixed Income

\$35,193,965

Cash

\$3,628,454



Dear Friends,

Our mission at Midwest Methodist Foundation is to “encourage lifelong generosity with God’s abundance.”

Perhaps no one better exemplifies this mission than a 97-year-old retired secretary named Lyn Ridgeway. A member of the historic First United Methodist Church at the Chicago Temple, Lyn is both a generous benefactor and an optimistic force of nature.

Lyn recently shared a story with me about meeting Milton Friedman, the famed Nobel Prize economist. Seizing the opportunity for some financial advice, Lyn recalled asking Friedman, “What should I do with the money I have left after living expenses?” His answer: “Spend it on what makes you happy.”

“Those seven words transformed my life,” Lyn said.

She immediately realized that giving is what makes her happy. Those seven words emboldened her to embrace being a giver as a lifestyle. It has been an honor to work with Lyn creating endowments that will give for numerous decades beyond her earthly life.

Thinking about all the assets entrusted to Midwest Methodist Foundation, we have an ethical and fiduciary responsibility to invest in alignment with our faith and the principles set forth in the *Book of Discipline* ¶ 717. *Sustainable and Socially Responsible Investments*.

Our investment portfolios exclude companies involved in certain businesses, such as weapons and armaments, alcoholic beverages, tobacco, privately operated correctional facilities, gambling, and exploitative adult entertainment. Companies that engage in controversial corporate practices are also screened for exclusion, such as being unaccountable to regulators and antitrust laws, violating data privacy, promoting addictive behavior, and willfully dismissing fact-checking.

We put our money where our (and your) mission is, in responsible investments that rate more highly than their peers regarding climate, community, conservation, diversity, and wellness.

On behalf of the Board, I am pleased to provide you with this Annual Stewardship Report, which details our investment and impact performance. Grounded in our faith, we are working together to envision a better world.

Thank you for your support and generosity.

Sincerely yours,



Chris Walters
President & CEO

Board of Directors

Ms. Marta Rodriguez, CFA
Board Chair

Ms. Lisa Butler
Vice Chair & Secretary

Mr. Sach Diwan
Treasurer

Ms. Ergeline Calimlim

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Rev. Dr. Grace Oh

Mr. James Stoddard

Mr. Thomas Sumner

Mr. Eugene Williams

Ex-Officio

Elaine Moy
Chief Financial Officer and Director
of Administrative Services,
Northern Illinois Conference

Rev. Dan Schwerin
Bishop, Northern Illinois-Wisconsin
Episcopal Area

Rev. Chris Walters
President & CEO,
Midwest Methodist Foundation

2024 Market Overview and Portfolio Strategies

2024 Market Overview

2024 was a resilient year for global markets and economies. Despite persistent inflation, defensive monetary policies, a widening trade deficit, and ongoing geopolitical tensions, the U.S. managed to sustain robust growth from the previous year. These dynamics unfolded amidst a closely contested U.S. election.

Estimates indicate U.S. real GDP grew by 2.8%* in 2024. Growth was driven by consumer spending, investment, government expenditures, and exports. The economy's resilience was further underscored by a robust labor market which introduced a total of 2.2 million jobs by year's end.

Despite a notable decline in the level of domestic inflation from 8% in 2022 to 2.9% at the end of 2024, price growth remained above the Fed's 2% target. The overall reduction can be attributed to robust economic growth, a key factor in the Fed's cautious stance on easing monetary policy following three consecutive rate cuts in 2024.

In a continuation of the previous year's comeback from the COVID era, U.S. equity and bond markets experienced rallies. The tech-heavy NASDAQ Composite led the equity indexes, returning 28.64%, the S&P 500 gained 23.31%, and the Dow Jones Industrial Average rose 12.88%.

Notably, the "Magnificent 7" – Microsoft, Amazon, Meta, Apple, Alphabet, Nvidia, and Tesla – drove 53% of the S&P 500's return. Top performing sectors included communication services, information technology, and consumer discretionary.

Following a correction of 18.24% in the previous year, foreign markets underperformed in 2024, returning just 1.15% as measured by the MSCI EAFE index.

U.S. bond markets were mixed due to headwinds from rising yields and ongoing inflation concerns. The benchmark 10-year

U.S. Treasury yield dropped to 3.64% in mid-September before climbing above 4.5% to close the year. While long-term Treasury yields rose, shorter-term yields decreased from 2023 highs, leading to the first normalized yield curve since July 2022. High-yield bonds delivered strong returns, while long-term Treasuries and investment-grade corporate bonds saw more modest gains.

2024 Portfolio Strategies

The Investment Committee of Midwest Methodist Foundation adhered to a long-term investment policy emphasizing mission alignment, and a focus on asset allocation, diversification, and low fees.

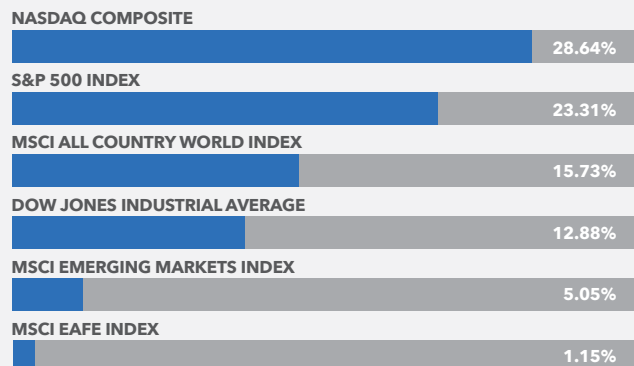
Foundation investments were managed in alignment with The Book of Discipline of the United Methodist Church, excluding companies engaged in harmful industries or unethical practices. Specifically, companies that engage in monopolistic behavior, do not honor client privacy or data, sell products that promote addictive behavior, and willfully dismiss fact-checking were excluded from the Foundation portfolio.

In 2024, the disproportionate influence of the Magnificent 7 (partially excluded from the Foundation's portfolios for reasons highlighted above) on equity market performance, led to near-term underperformance in the portfolios. Despite this transitory influence, the Foundation remained steadfast in its commitment to invest in accordance with its faith, regardless of short-term performance pressures.

Maintaining alignment with mission-driven investments supports the Foundation's long-term financial objectives without compromising core values.

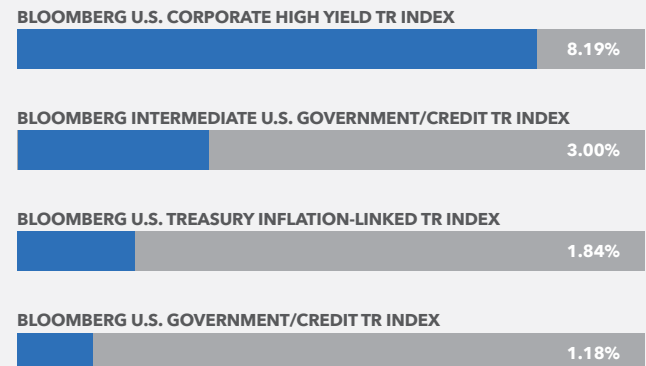
The Foundation's 2024 performance – both financial and impact – are highlighted on the following pages.

2024 Equity Index Returns



Sources: Envestnet Inc., MSCI, S&P Global

2024 Bond Index Returns

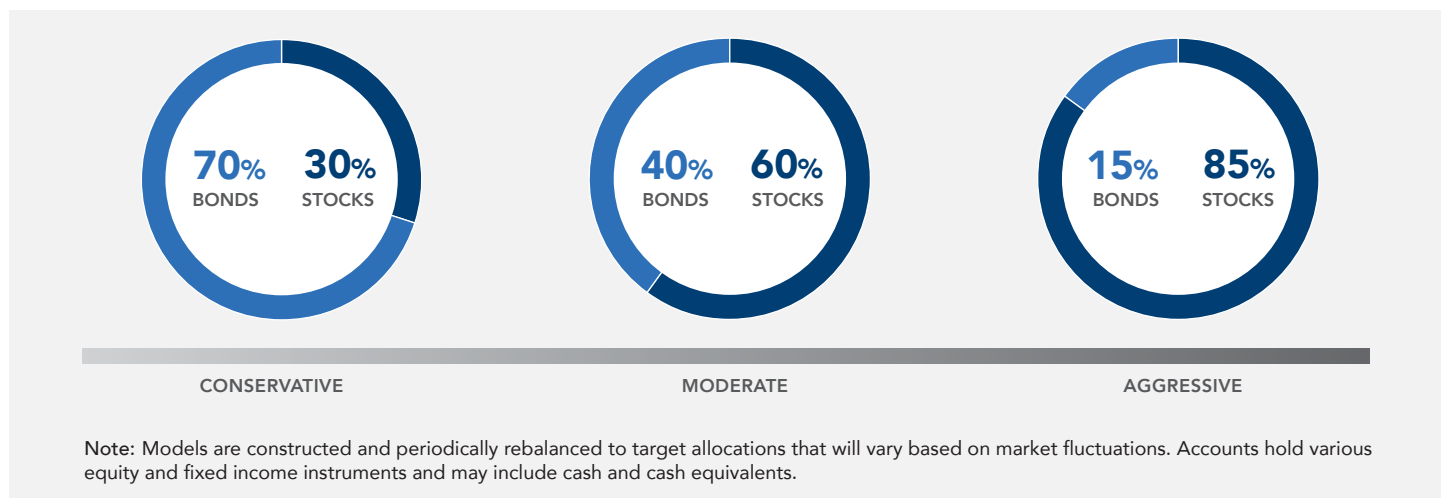


* Real GDP measured from the 2023 annual level to the 2024 annual level. Advance estimate released by the U.S. Bureau of Economic Analysis on January 30, 2025.

Sources: Charles Schwab, U.S. Bureau of Economic Analysis (BEA)

2024 Model Portfolios and Performance

Model Portfolios



Annualized Performance as of December 31, 2024¹

	TRAILING 1 YR	TRAILING 3 YRS	TRAILING 5 YRS
Aggressive Model			
MMF — Aggressive Model	13.13 %	4.55 %	9.53 %
MMF — Aggressive Climate Solutions Model (<i>Inception: August 20, 2020</i>)	16.09	4.70	N/A
Benchmark: MMF Aggressive Blended Benchmark ²	16.00	5.46	9.67
Moderate Model			
MMF — Moderate Model	10.29	3.30	7.02
MMF — Moderate Climate Solutions Model	12.49	3.89	6.67
Benchmark: MMF Moderate Blended Benchmark ³	12.24	4.07	7.26
Conservative Model			
MMF — Conservative Model	6.80	1.98	4.23
MMF — Conservative Climate Solutions Model (<i>Inception: March 3, 2020</i>)	7.90	2.14	N/A
Benchmark: MMF Conservative Blended Benchmark ⁴	8.08	2.40	4.44

¹ Time Weighted Rates of Return are calculated net of all fees.

² MMF Aggressive Blended Benchmark: The Benchmark is composed of 54% Russell 1000 TR, 21% BNYM Dev Mkt Classic ADR Ind, 9% Bloomberg Intermediate U.S. Government/Credit TR, 6% BNYM Emg Mkt Classic ADR Ind, 5% S&P Small Cap 600 TR, 3% Bloomberg Gbl Agg Ex USD TR Hdg USD, 2% BOFAML 3-Month U.S. T-Bill TR.

³ MMF Moderate Blended Benchmark: The Benchmark is composed of 38% Russell 1000 TR, 26% Bloomberg Intermediate U.S. Government/Credit TR, 14% BNYM Dev Mkt Classic ADR Ind, 8% Bloomberg Gbl Agg Ex USD TR Hdg USD, 4% BNYM Emg Mkt Classic ADR Ind, 4% S&P Small Cap 600 TR, 4% Bloomberg 1-3 Govt/Credit Bond TR, 2% BOFAML 3-Month U.S. T-Bill TR.

⁴ MMF Conservative Blended Benchmark: The Benchmark is composed of 44% Bloomberg Intermediate U.S. Government/Credit TR, 20% Russell 1000 TR, 14% Bloomberg Gbl Agg Ex USD TR Hdg USD, 9% BNYM Dev Mkt Classic ADR Ind, 7% Bloomberg 1-3 Govt/Credit Bond TR, 2% BOFAML 3-Month U.S. T-Bill TR, 2% BNYM Emg Mkt Classic ADR Ind, 2% S&P Small Cap 600 TR.

Effective June 12, 2020, Midwest Methodist Foundation accounts are managed by SouthCol Advisors, LLC. subject to a discretionary investment advisory agreement. Previously, accounts were managed by Envestnet Asset Management, Inc. James Lumberg served as the investment advisory representative to Midwest Methodist Foundation at Envestnet and continues at SouthCol Advisors, LLC.

Source: Envestnet, Inc.

OUR INVESTMENTS HELP AMPLIFY OUR WORK AND MISSION

In addition to financial performance, our portfolios have had a measurable impact in the world. Our equity and fixed-income portfolios are invested in alignment with our mission and values. We measure the impact in five categories: Climate, Community, Conservation, Diversity, and Wellness.

Equity Portfolio

Versus the benchmark, the companies in the portfolio have:¹



CLIMATE

258,386 kWh
of renewable energy produced
(wind, solar, biomass, geothermal, wave tidal,
hydroelectric), enough to power
8,910²
homes per day

47%
lower carbon emissions achieved,
equivalent to
210,587² / or / **2,078,872²**
gallons of gasoline / or / pounds of coal



COMMUNITY

282%
more exposure to affordable
housing construction

101%
more exposure to education
services for disadvantaged groups



CONSERVATION

568%
more exposure to machinery
for sustainable agriculture

Lower water usage – the equivalent of
406,129,196²
bottles of water (16.9 fl. oz.)



DIVERSITY

58%
more exposure to credit
access for low-income borrowers

9%
higher instance of women
in senior management



WELLNESS

83%
more exposure to medical equipment
for major and neglected diseases

44%
more exposure to diagnostic equipment
for major and neglected diseases

¹ Impact exposure percentages are based on the assets in the equity portion of Midwest Methodist Foundation portfolios as of 12/31/2024. The benchmark referenced here for comparison with the equity portion of the portfolios is a blended equity benchmark composed of 64% CRSP U.S. Large Cap Index, 6% CRSP U.S. Small Cap Index, 25% S&P/BNY Mellon ADR Index, and 5% S&P/BNY Mellon Emerging ADR Index. Impact data provided by Envestnet and Sustainalytics, a third-party firm that provides research, ratings, and analytics. **All data as of 12/31/2024.**

² Companies in the portfolio would contribute to approximately these impacts, based on a \$58 million initial investment in the Midwest Methodist Foundation equity portfolio.

Fixed Income Portfolio

The securities in the portfolio produced a measureable impact versus the benchmark.*



CLIMATE

Lower Emissions²
 Total Greenhouse Gas
 Scope 1 Emissions (lower better)

OUR PORTFOLIO	BENCHMARK
83.1	151.4



COMMUNITY

Strength of Governance¹
 On a scale of 0 to 4
 (lower better)

1.8

Income Inequality¹
 Concentration of wealth in a community
 (lower better)

OUR PORTFOLIO	NATIONAL AVERAGE
0.48	0.48



CONSERVATION

Total Energy Consumption²
 Megawatt hours per Billion (\$) Revenue
 (lower better)

OUR PORTFOLIO	BENCHMARK
422.2	631.5



DIVERSITY

Women in Senior Management²
 Percent of executive management that are women
 (higher better)

OUR PORTFOLIO	BENCHMARK
31.8%	27.7%

Independent Directors²
 Percent of independent directors
 (higher better)

OUR PORTFOLIO	BENCHMARK
87.9%	83.0%

ESG Accountability²
 Percent of executive compensation linked to ESG goals
 (higher better)

OUR PORTFOLIO	BENCHMARK
76.7%	68.8%

¹ Government-Related ESG Highlights – the National Average for Climate Risk was calculated by Breckinridge from data provided by RisQ and available data from Merritt Research Services, respectively. The Strength of Governance rating is an average of Breckinridge’s internal governance scores that are assigned to each municipal issuer that it covers. **All data as of 12/31/2024.**

² Corporate ESG metric figures are Bloomberg data based on a weighted average of the reported values by the corporate holding in the Strategy compared to a weighted average of the reported values of the corporate holdings in the index. **All data as of 12/31/2024.** Due to differences in the percentages of companies reporting metrics for the strategy vs. the benchmark and the unavailability of such data, the impact statistics are not complete comparisons.

*The benchmark referenced in this comparison is the Bloomberg Intermediate U.S. Government/Credit TR Index.

2024 Mission-Aligned Portfolio Construction

STEP ONE | GUIDING TENETS

Our goal is to build customized portfolios that reflect our mission, vision, and values. Portfolios are constructed based on three tenets:

ASSET ALLOCATION

We focus on asset allocation as the primary determinant for overall investment performance.

DIVERSIFIED MARKET-BASED RETURNS









We seek broadly diversified portfolios that provide competitive, market-based returns.

MISSION ALIGNMENT

We seek to invest in companies that reflect our values and empower and amplify our mission.

STEP TWO | DO NO HARM

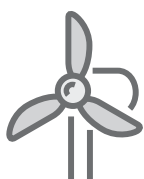
Our equity portfolios are invested to avoid exposure to companies in the following areas.

								
COMPANIES IN...	ADULT ENTERTAINMENT	ALCOHOL	FIREARMS	GAMBLING	MILITARY WEAPONS	NUCLEAR POWER	SEVERE CONTROVERSIES	TOBACCO
OUR PORTFOLIO	0	0	0	0	0	0	0	0
BENCHMARK*	0	36	21	24	74	33	44	11

What is a “severe controversy?” A severe controversy is categorized as a company activity that has unintended negative impacts on the environment, society, or stakeholders. Specifically, it includes exceptionally egregious corporate behavior, a high frequency of recurrence of the incidents, very poor management by the company of its risks, and a demonstrated lack of willingness to address such risks.

STEP THREE | DO GOOD

We consider a wide variety of environmental, social, and governance factors in evaluating an investment’s suitability, risk, and return. Our portfolios are designed and monitored to increase exposure to companies and industries that demonstrate strong characteristics in five areas of impact.



CLIMATE



COMMUNITY



CONSERVATION



DIVERSITY



WELLNESS

* The benchmark referenced here for comparison with the equity portion of the portfolios is a blended equity benchmark composed of 64% CRSP U.S. Large Cap Index, 6% CRSP U.S. Small Cap Index, 25% S&P/BNY Mellon ADR Index, and 5% S&P/BNY Mellon Emerging ADR Index. Impact data provided by Envestnet and Sustainalytics, a third-party firm that provides research, ratings, and analytics. **All data as of 12/31/2024.**

Doing Well by Doing Good

Our portfolios are designed and monitored to increase exposure to companies and industries that have a commitment to “doing good” in one of five areas: climate, community, conservation, diversity, and wellness. Each of the companies below have demonstrated – through their products, services, operations, etc. – how sustainability can be integrated into standard business practices.

The companies were chosen based solely on their sustainability practices and not financial performance.

CLIMATE



Alstom is a French multinational rolling stock manufacturing company operating worldwide in rail transport markets, including light rail vehicles, commuter, urban trains, regional trains, mainline trains, locomotives, and components. Alstom’s eco-design focuses on energy efficiency of rail transport systems; use of clean, recyclable, and natural materials; reduction of noise and vibrations; reduction of air emissions; and end-of-life management of products. In 2024, 75% of their electricity consumed came from renewable sources with a target of 100% by the end of 2025.¹

CONSERVATION



Agco is a global manufacturer of agricultural equipment and machinery including tractors, combines, and application equipment. Agco’s tractors use smart farming solutions to reduce fossil fuel consumption. The company’s overarching goal is to enable farmers to access the technology they need to increase productivity while minimizing their environmental impact, with a choice of clean energy solutions, from electrifying lower-horsepower products to developing hydrogen- and biomethane-compatible powertrains.²

WELLNESS



Edwards Lifesciences designs, manufactures, and markets a range of medical devices and equipment for advanced stages of structural heart disease and critical care. It has established itself as a leader in surgical tissue heart valves, transcatheter valve technologies, surgical clips, and catheters. The company’s Every Heartbeat Matters charitable initiative focuses on improving the lives of underserved patients through detection, treatment, and recovery through financial donations from Edwards Lifesciences Foundation and technology donations to physicians performing humanitarian care in underserved regions.³

¹ Sources: Sustainalytics, Alstom

² Sources: Sustainalytics, Agco

³ Sources: Sustainalytics, Edwards Lifesciences

The sustainability data is company specific and does not represent sustainability practices or results of any other company. The companies cited were not selected based on their investment performance, size of MMF investment in the company, or any other financial considerations.

Fiduciary Governance, Process, Certifications

A commitment to fiduciary duty is at the center of our work. As mandated by law, our first priority is to protect the long-term interests of our beneficiaries.

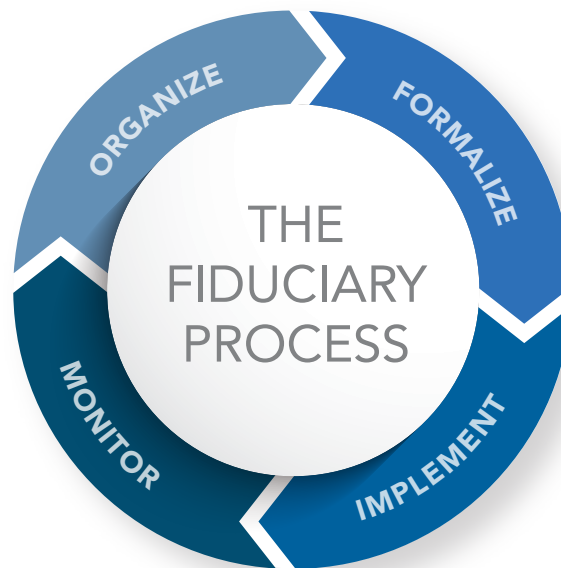
To ensure we meet our fiduciary duty, we work with an investment advisory firm that is both CEFEX Certified and has earned the B Corp Certification. The CEFEX Certification indicates adherence to a global fiduciary standard of excellence, based on case law regulations and best practices. The B Corp Certification indicates adherence to high standards of social and environmental impact.

ORGANIZE

Governing documents, agreements, and stakeholders' roles and responsibilities are reviewed and clearly defined in writing.

MONITOR

Regular reporting compares investment and impact performance with benchmarks and the investment policy.



FORMALIZE

Investment objectives, time horizon, risk levels, and return goals are formally established. Asset classes are chosen and the investment policy is updated and reconfirmed.

IMPLEMENT

The investment strategy is implemented. Due diligence is conducted to select investment managers. All investment decisions are documented, reviewed, and retained.



The CEFEX Seal

The Center for Fiduciary Excellence (CEFEX) is an independent assessment and certification organization with a mission to promote fiduciary best practices in the investment industry. The CEFEX Seal indicates that a firm is certified and can demonstrate adherence to global fiduciary standards and best practices. CEFEX certification is earned through a rigorous and thorough annual audit process. Less than one percent of registered investment advisors are currently CEFEX-certified.

Certified



The Certified B Corp Seal

The B Corp Certification process measures a company's entire social and environmental impact. Certification means that a company meets high standards of verified performance, accountability, and transparency on factors from employee benefits and charitable giving to supply chain practices. To maintain certification, Certified B Corps must update their B Impact Assessment (BIA) and verify their updated B Impact score every three years.

INDEX DEFINITIONS

Bloomberg 1-3 year Government/Credit Bond TR Index is a total return index that incorporates bonds in both the Treasury Bond and the Agency Bond Index, as well as U.S. corporate and some foreign debentures and secured notes, with maturities of one to three years.

Bloomberg Global Agg Ex USD TR Hdq Index tracks investment grade government, corporate, agency, and mortgage-related bonds in markets outside the U.S.

Bloomberg Intermediate U.S. Government/Credit TR Index is a broad-based flagship benchmark that measures the non-securitized component of the U.S. Aggregate Index with less than 10 years to maturity. The index includes investment grade, U.S. dollar-denominated, fixed-rate treasuries, government-related and corporate securities.

Bloomberg U.S. Corporate High Yield TR Index measures the USD-denominated, high yield, fixed-rate corporate bond market.

Bloomberg U.S. Government/Credit TR Index is a broad-based flagship benchmark that measures the non-securitized component of the U.S. Aggregate Index. The index includes investment grade, U.S. dollar-denominated, fixed-rate treasuries, government-related and corporate securities.

Bloomberg U.S. Treasury Inflation-Linked TR Index measures the performance of the U.S. Treasury Inflation Protected Securities (TIPS) market.

BNYM Dev Market Classic ADR Index seeks to track developed market-based American depository receipts (ADRs) trading on U.S. stock exchanges, subject to size and liquidity requirements.

BNYM Emg Mkt Classic ADR Index is capitalization-weighted and designed to track emerging market-based American depository receipts (ADRs) trading on U.S. stock exchanges. The index is rebalanced and reconstituted quarterly.

BOFAML 3-MONTH U.S. T-BILL TR Index is an index of short-term U.S. Government securities with a remaining term to final maturity of less than three months.

CRSP U.S. Large Cap Index includes U.S. companies that comprise the top 85% of investable market capitalization.

CRSP U.S. Small Cap Index includes U.S. companies that fall between the bottom 2%–15% of the investable market capitalization.

Dow Jones Industrial Average is an unmanaged index of 30 common stocks comprising 30 actively traded blue chip stocks, primarily industrials, and assumes reinvestment of dividends.

MSCI EAFE Index is designed to represent the performance of large- and mid-cap securities across 21 developed markets in Europe, Australasia and the Far East, excluding the U.S. and Canada.

MSCI Emerging Markets Index is a free float-adjusted market-capitalization index that is designed to measure equity market performance in the global emerging markets.

NASDAQ Composite is a stock market index of the common stocks and similar securities listed on the NASDAQ stock market.

Russell 1000® TR is an index that measures the performance of the large-cap segment of the U.S. equity universe. It includes approximately 1000 or the largest companies in the Russell 3000® Index based upon a combination of their market cap and current index membership.

S&P 500 Index is an unmanaged index comprising 500 widely held U.S. securities considered to be representative of the stock market in general.

S&P SMALL CAP 600® TR is a float-adjusted market capitalization weighted index that is designed to measure the performance of 600 small-sized companies in the U.S.

IMPORTANT DISCLOSURES

The information, analysis, and opinions contained in this report are for general and educational purposes only. The views expressed are as of the date hereof and may change at any time without notice. Midwest Methodist Foundation assumes no obligation to update or otherwise revise our opinions or this report.

Nothing contained in this report is intended to constitute legal, tax, accounting, securities, or investment advice, nor an opinion regarding the appropriateness of any investment, nor a solicitation of any type. Portfolio and Performance data (on page 4) and Alignment and Impact statistics (on pages 5-8) are provided by Envestnet, Inc. and Breckinridge Capital Advisors. Performance data is unaudited. All ESG data including impact scores are believed to be from reliable sources; however, we make no representation as to accuracy or completeness.

References to indices, benchmarks or other measures of relative market performance over a specified period of time are provided for information only and do not imply that an account will achieve similar results. The index composition may not reflect the manner in which a portfolio is constructed; unlike these indices and benchmarks, a portfolio may contain types of securities that are different than those reflected in these indices and benchmarks and will not be as diversified as these indices and benchmarks. Indices are unmanaged and investors cannot invest directly in indices. The figures for the index reflect the reinvestment of dividends but do not reflect the deduction of any fees or expenses which would reduce returns.

This material is not meant as a recommendation or endorsement of any security or strategy. It is not intended to be a client-specific suitability analysis or recommendation, an offer to participate in any investment, or a recommendation to buy, hold or sell securities. Do not use this report as the sole basis for investment decisions. No assurance can be given that the investment objective of an account will be achieved.

Do not invest based on performance alone. Consider all relevant information, including your existing portfolio, investment objectives, risk tolerance, liquidity needs and investment time horizon. This report is for general informational purposes only and is not intended to predict or guarantee the future performance of any individual security, market sector or the markets generally.

Investment losses, including a loss of principal, may occur from time to time. Nothing herein is intended to imply that an account's investment methodology may be considered "safe," "risk free" or "risk averse."

PAST PERFORMANCE IS NOT AN INDICATOR OR GUARANTEE OF FUTURE RESULTS. THERE IS NO GUARANTEE THAT AN ACCOUNT WILL ACHIEVE COMPARABLE RESULTS TO THOSE SET FORTH IN THIS REPORT OR THAT THEY WILL ACHIEVE THEIR INVESTMENT OBJECTIVES IN THE FUTURE.



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