Midwest Methodist Foundation

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Greetings,

As of the end of the 1st quarter of 2025, net of fees, the returns of the fund models are:

As of 3/31/2025	1st Qtr 2025	Year to Date	Last 1 Year†	Last 3 Years†	Last 5 Years†	Last 10 Years†
Aggressive Fund	**-0.03%**	**-0.03%**	**6.85%**	**6.68%**	**13.77%**	**8.72%**
Agg. Climate	-1.59%	-1.59%	6.82%	6.50%	n/a	n/a
benchmark*	-0.71%	-0.71%	7.48%	7.22%	14.21%	8.63%
Moderate Fund	**0.47%**	**0.47%**	**6.27%**	**5.34%**	**9.75%**	**6.55%**
Mod. Climate	-0.49%	-0.49%	6.50%	5.63%	9.72%	n/a
benchmark*	-0.06%	-0.06%	6.83%	5.86%	10.26%	6.79%
Conservative Fund	**1.16%**	**1.16%**	**5.60%**	**4.00%**	**5.61%**	**4.22%**
Con. Climate	0.65%	0.65%	5.71%	3.95%	5.25%	n/a
benchmark*	0.92%	0.92%	6.14%	4.34%	6.04%	4.69%

*"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/

Tidbits of Wisdom for Successful Investing

Typically in my quarterly investor letter I share the "Economic and Market Overview" from Brandon Thomas, Co-Founder and Chief Investment Officer, Envestnet, and then add a bit of color commentary on some of his key observations.

In the current context of volatile decision-making at the highest levels of the U.S. government and trade war disruption, I want to share some wisdom for successful investing. Putting the wisdom into practice can be difficult as our emotions and fear responses may trigger suboptimal and even devastating consequences to long-term performance from our actions. We are going to have emotional and fear-based reactions to situations in life; that is a given. Making dramatic moves with our investments in response to our emotions often has deleterious effects on our long-term investment performance.

Here is a commonly-shared story, as told by Jonathan Dash of Forbes in 2021, about "How Investors Are Costing Themselves Money:"

> "Peter Lynch, who formerly managed the high-flying Fidelity Magellan Fund from 1977 to 1990, is a legendary investor. Under his management, the fund averaged an astounding annual return of 29%. It would seem all you had to do was ride along with Lynch and you would earn phenomenal returns. But that didn't happen. According to Fidelity Investments, the average Magellan Fund investor lost money during Lynch's tenure there. How does this happen?"

> "In achieving an average 29% annual return from 1977 to 1990, Lynch had exceptional years of overperformance and some years of underperformance. For instance, in 1980, the fund had a 70% return. The next year, he underperformed the sector. Investors who hopped on board as the fund was soaring in 1980 may have been disappointed with the fund's performance in 1981, jumping ship to look for another 'market winner.' In doing so, they would have locked in their losses. Had they stayed with the fund for another 10 years, they would have averaged more than a 25% return."[1]

Time after time, research after research shows the same results: most individuals underperform the actual returns of the investments we own because we tend to make ill-timed decisions to buy and sell.

Tidbit #1

Control What You Can Control: Dollar Cost Average and Tune Into Your Expenses

Be at peace with your likely underperformance of the reported performance of the investments you own because the whole reason you own them is to get in and out ***based on your needs***. Clarifying your "needs" from your "wants" is critical to financial success. Virtually no one buys a mutual fund and then holds it for years and years without any further activity. The whole point of investing is to harvest gains at some point to pay for your needs and for your wants, but your needs must come first.

Dollar-cost average your investments as much as possible when accumulating and when spending. Dollar-cost averaging greatly increases your likelihood of better long-term investment performance.

Tune into your expenses. No plan is perfect, but having a plan and visibility into your expenses is significantly better than having no plan. When you tune into your expenses, your ability to be disciplined with dollar-cost averaging is more likely.

Tidbit #2

Resist the Temptation to Predict the Unpredictable

In times of uncertainty—when the headlines shout of political upheaval and economic disruption—it's natural to search for understanding. Our brains want clarity, and our instincts lead us to forecast outcomes and reposition investments. **But here's the reality: markets can be volatile and can overreact in the short-term.** However, typically, short-term events do not forecast long-term performance.

Working hard and stressing out to predict what can't be predicted threatens to place us in a trap of reaction instead of planning. **Rather than basing ourselves on fear, we must base ourselves on principle.** Balance the need to respond immediately to every upsetting turn of events in the news. Patience, discipline, and long-term thinking are generally the best investing approaches—particularly when clarity seems impossible.

Let go of the illusion of control. You can only control the things you can control (see #1). Let your investment strategy, not emotions, be in charge.

Tidbit #3

Reacting to Uncertainty Is the Foe of Healthy Investment Performance

Markets can react to mood as much as they do to data. And nothing kills confidence quicker than doubt. Whether political, trade-related, or based on economic policy shifts, uncertainty clouds our vision and erodes the confidence that creates momentum in markets.

But this is the irony: uncertainty exists at all times. It's not a shortcoming in the system—it's the setting in which markets have always existed and adapted over time. The real foe is not uncertainty itself, but our response to it. When we allow it to undermine our faith and push us towards hasty action, we move further away from the systematic methods that generate healthy investment returns.

Remember: markets tend to climb a "wall of worry." Those who stay grounded in the fog of uncertainty are those who thrive when sunlight—and confidence—return.

Putting Everything In Perspective

Whether you're managing your personal budget and investments or managing your church's budget and investments, the challenges are the same: how do we be faithful, disciplined, and wise in a world that is often frenetic and uncertain?

Investment success—especially during times such as these—is as much a matter of attitude as of financial strategy, for fear and spastic reaction are ever in danger of trumping even the best-laid plans. Yet if we step back and remind ourselves of our purposes for investing—providing for current and future needs, supporting mission and ministry, securing long-term sustainability—we steady ourselves.

We at the Foundation are committed to helping people and churches invest with wisdom, clarity, and conviction. The principles set forth in this investor letter—controlling what you can, resisting the urge to predict the unpredictable, staying steady through uncertainty—are as relevant to managing your church's investments as they are to your own personal investments.

Investments are not just numbers on a page. They're long-term resources for life, mission, and ministry. They're a commitment to our own future, to future generations, and to the work God is doing through us and our communities.

So breathe deeply. Stay the course. And recall that faithful stewardship, over time, bears fruit—even in the midst of uncertain times.

Respectfully,

Chris Walters

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[1] https://www.forbes.com/councils/forbesfinancecouncil/2021/06/02/how-investors-are-costing-themselves-money/