

July 21, 2025

Greetings,

As of the end of the 2nd quarter of 2025, net of fees, the returns of the fund models are:

As of 6/30/2025	2nd Qtr 2025	Year to Date	Last 1 Year†	Last 3 Years†	Last 5 Years†	Last 10 Years†
Aggressive Fund	9.59%	9.56%	14.79%	15.48%	12.28%	9.78%
Agg. Climate benchmark*	10.37% 9.47%	8.62% 8.69%	13.38% 14.97%	15.81% 15.88%	n/a 12.58%	n/a 9.61%
Moderate Fund	7.16%	7.67%	12.28%	11.79%	8.81%	7.42%
Mod. Climate benchmark*	7.69% 7.05%	7.16% 6.99%	11.41% 12.34%	12.38% 12.20%	8.69% 9.09%	n/a 7.57%
Conservative Fund	4.59%	5.81%	9.42%	8.10%	5.14%	4.83%
Con. Climate benchmark*	4.75% 4.63%	5.43% 5.59%	8.83% 9.73%	8.11% 8.39%	4.97% 5.36%	n/a 5.27%

*"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 | PMC

Brandon Thomas, Co-Founder and Co-Chief Investment Officer, Envestnet, concluded their "Economic and Market Overview: Second Quarter 2025" report with the following observations and commentary:

"As we enter the second half of 2025, the U.S. economic outlook remains cautiously optimistic. The rebound in second quarter real GDP growth, alongside a resilient labor market and easing inflation, points to a path of moderate expansion. Consumer spending continues to be a vital engine of growth, supported by real wage gains and healthier household finances. Business investment, particularly in technology and infrastructure, is expected to remain steady as firms adapt to evolving conditions.

"Nonetheless, several risks persist. Inflation, though moderating, remains above the Federal Reserve's target, and renewed supply chain disruptions or energy price shocks could reignite upward pressure. Geopolitical tensions, especially in Eastern Europe and the Asia-Pacific, pose threats to global trade and investor sentiment. Domestically, uncertainty around fiscal policy and regulation may weigh on business confidence.

"The Fed's anticipated rate cuts later this year could ease financial conditions, but their timing will depend on incoming data. Market volatility is likely to persist, underscoring the importance of diversification and risk management.

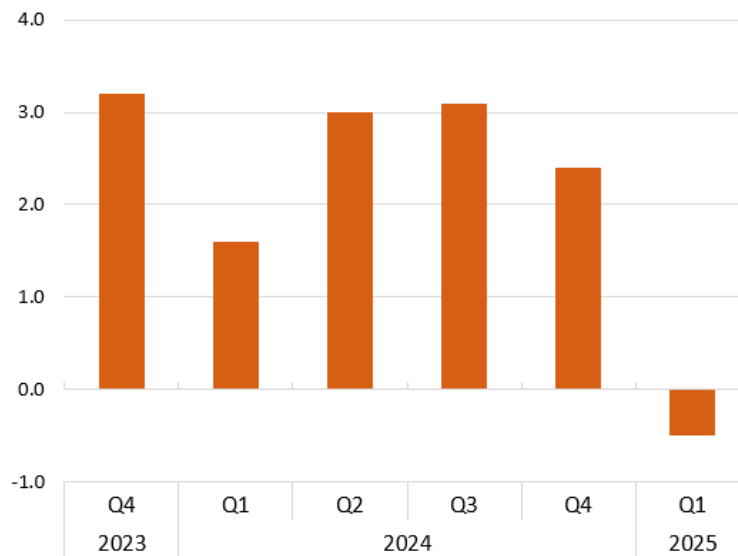
"Encouragingly, businesses are maintaining stable hiring, and layoffs remain low - signs of confidence in future demand. Consumers have shown adaptability, adjusting spending without significant loss of

confidence. While sectors like housing face stress, improvements in credit conditions and supportive fiscal policies are helping to stabilize the broader economy.

“In sum, while challenges remain, the combination of policy flexibility, strong fundamentals, and proactive strategies suggests the U.S. economy is well-positioned to navigate uncertainties and sustain modest growth through year-end.”¹

“U.S. economic outlook remains cautiously optimistic”

Real GDP, Percent Change from Preceding Quarter



U.S. Bureau of Economic Analysis

Seasonally adjusted annual rates

The release of the second quarter GDP number will be July 30, 2025, and the phrase “cautiously optimistic” aptly captures the economic sentiment. From the U.S. Bureau of Economic Analysis:

“Real gross domestic product (GDP) decreased at an annual rate of 0.5 percent in the first quarter of 2025 (January, February, and March), according to the third estimate released by the U.S. Bureau of Economic Analysis. In the fourth quarter of 2024, real GDP increased 2.4 percent. The decrease in real GDP in the first quarter primarily reflected an increase in imports, which are a subtraction in the calculation of GDP, and a decrease in government spending. These movements were partly offset by increases in investment and consumer spending.”²

Consumer confidence has taken a hit in 2025 due to swirling uncertainties around tariffs, inflation, and dubious policy actions by the U.S. government, yet consumer confidence is stabilizing, according to the University of Michigan’s monthly survey results.³ The job market also remains remarkably stable with “total nonfarm payroll employment increased by 147,000 in June, and the unemployment rate changed little at 4.1 percent.”⁴ The Consumer Price Index increased a bit in June to 2.7%, still above the Fed’s target of 2.0%.⁵ The Fed remains in “wait and see” mode regarding possible future rate changes.

“Market volatility is likely to persist”

Volatility has become the defining characteristic of investment conditions today. Even while the economic consensus is slower, yet steady, growth in the near term, markets are still prone to react to every twist and turn in inflation readings, central bank statements, geopolitical developments, and ad hoc tariff announcements. While these ups and downs will test our nerves, they remind us of the reasons we invest with the discipline of broadly diversified portfolios that can withstand and even take advantage of the volatility.

Through faith we encounter our human limitations and uncertainties, trusting the overall purpose of God’s creation to multiply and magnify love. While we can’t predict every turn of the market, we can stay rooted in our principles that prepare us to weather the storms of life. In both faith and finance, we are called not to act in fear, but to act out of trust.

Respectfully,



Rev. Chris Walters, President & CEO • 312.803.4801 • cwalters@midwestmethodist.org

¹ https://www.investpmc.com/sites/default/files/documents/PMC_QuarterlyMarketEnvironment.pdf

² <https://www.bea.gov/data/gdp/gross-domestic-product>

³ <https://www.sca.isr.umich.edu/>

⁴ <https://www.bls.gov/news.release/empsit.nr0.htm>

⁵ <https://www.bls.gov/news.release/cpi.nr0.htm>

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