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Greetings,

As of the end of the 3rd quarter of 2025, net of fees, the returns of the fund models are:

As of 9/30/2025	3rd Qtr 2025	Year to Date	Last 1 Year†	Last 3 Years†	Last 5 Years†	Last 10 Years†
Aggressive Fund	**5.79%**	**15.91%**	**14.64%**	**20.05%**	**11.80%**	**11.44%**
Agg. Climate	6.89%	16.11%	14.42%	21.25%	11.36%	n/a
benchmark*	6.86%	16.15%	15.57%	20.95%	12.56%	11.25%
Moderate Fund	**4.46%**	**12.47%**	**11.37%**	**15.29%**	**8.51%**	**8.61%**
Mod. Climate	5.23%	12.77%	11.39%	16.41%	8.66%	n/a
benchmark*	5.16%	12.51%	11.91%	16.02%	9.12%	8.70%
Conservative Fund	**3.19%**	**9.19%**	**7.99%**	**10.61%**	**5.09%**	**5.58%**
Con. Climate	3.51%	9.13%	7.80%	10.81%	5.06%	n/a
benchmark*	3.33%	9.10%	8.22%	11.04%	5.43%	5.83%

*"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

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

> "As the third quarter unfolds, the balance of evidence points to an economy that is slowing but far from faltering. Rather than a sharp contraction, recent data describe a tempering of activity: payroll gains have moderated, but layoffs remain low, initial unemployment claims sit well below levels associated with recessions, and aggregate measures of output and corporate income continue to show resilience. Those features together suggest firms are managing demand through discipline–hiring more cautiously and holding on to experienced workers–rather than signaling an imminent, broad-based downturn. Household finances are a central reason for cautious optimism. Widespread job retention has supported incomes and helped sustain consumer spending, even as households adjust to higher borrowing costs. Higher-income households and those with stronger balance sheets have continued to spend, supporting services sectors such as healthcare, hospitality and leisure, which remain important drivers of employment and GDP. That sectoral strength acts as a stabilizer for the broader economy: demand concentrated in services tends to support continuous employment and recurring revenue streams for firms.
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> "Firms themselves appear to be operating from relatively solid foundations. Corporate profits and cash balances remain at levels that allow companies to fund investment, service debt and avoid precipitous cuts to payrolls. Where firms are cautious, they have often prioritized productivity and

efficiency–reallocating labor, extending hours for existing staff, or delaying nonessential hiring–rather than large layoffs. That tendency toward labor hoarding preserves organizational know-how and makes a smoother reacceleration of activity more likely if demand strengthens.

"From a macroeconomic perspective, a soft landing remains a plausible outcome. Moderating inflation, improving supply-side conditions, and a central bank that is now moving carefully all create room for growth to continue at a modest pace. Policy makers and corporate leaders therefore have the luxury of time to calibrate responses: measured monetary easing, targeted fiscal measures, or corporate investments that emphasize productivity can all support activity without creating the conditions for an overheating rebound.

"There are risks to watch, but none that mandate panic. A sustained fall in hiring or a rapid deterioration in quit rates would be a clear signal to reassess, as would an abrupt shock to energy prices or global trade. Longer-term structural issues—immigration flows and labor participation—also matter for potential growth, but these play out over quarters and years rather than overnight. Even the disruptive effects of technology adoption, such as automation and AI, bring both transitional risks and productivity upside that can bolster real incomes if gains are widely diffused."[1]

"Higher-income households and those with stronger balance sheets have continued to spend"

Recently a report from Moody's Analytics generated a lot of media buzz. As reported by Marketplace: "The top 10% of earners [generally defined as households earning about $250,000 a year or more] in the U.S. accounted for nearly 50% of spending in the second quarter, the highest level it's been since this data first started being collected in 1989."[2] Spending by the lower 80% of households, as a group, has not quite kept pace with inflation, which means the majority of households are actually cutting back. More and more, households in the lower levels of income are cutting back on essentials like food.

"From a macroeconomic perspective, a soft landing remains a plausible outcome"

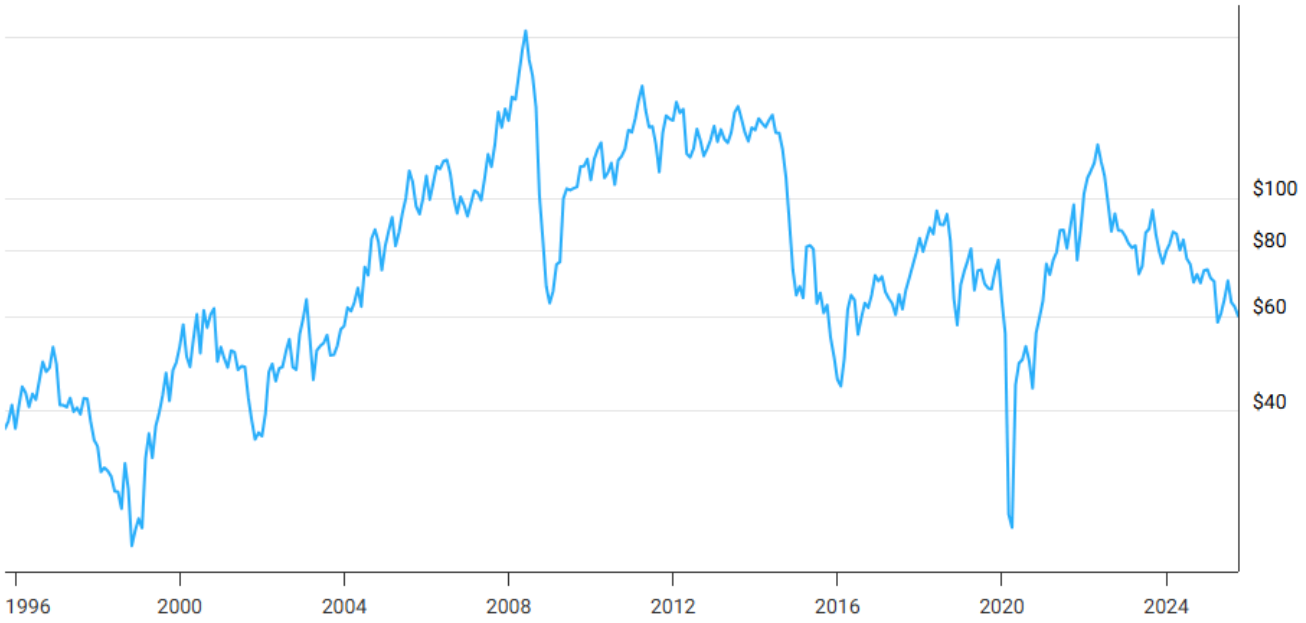
The term "soft landing" refers to a return to stable economic growth and reasonable inflation after a shock, such as the pandemic and high inflation, without entering into a recession when economic growth turns negative and unemployment spikes.

Inflation has cooled from its summer 2022 peaks, supply chains have largely normalized, and interest rates appear to be near their cyclical highs. These factors give both consumers and businesses a clearer sense of direction after years of volatility. With price pressures easing, real wages have started to recover, supporting steady, if slower, spending. Meanwhile, the Federal Reserve's more deliberate pace allows markets to adjust without the shock of sudden policy reversals. Together, these trends suggest the economy is transitioning from a phase of catch-up and correction toward one of gradual stabilization, where growth can continue at a sustainable, moderate rate.

As I write this, the Federal Open Market Committee (FOMC) announced another 0.25% cut to the "overnight bank funding rate" (OBFR), aka the "federal funds rate," "interbank lending rate" or "overnight rate." This rate is the interest banks charge one another for overnight loans to meet reserve requirements. The FOMC's target rate is now 3.75% to 4.00%. This rate generally impacts other rates, such as for mortgages, auto loans, and credit cards. In Chair Powell's opening statement, he tossed out a bit of a curveball that was unexpected: "A further reduction in the policy rate at the December meeting is not a foregone conclusion—far from it."[3]

The path to the proverbial "soft landing" is not guaranteed. The balance between managing inflation and preserving job growth will require careful attention in the quarters ahead. External shocks, from geopolitical tensions to energy supply disruptions, could still tip sentiment or spending. Recently we saw some quivering in the energy markets in the wake of new sanctions on Russia's largest two oil producers, Rosfnet and Lukoil. Still, oil prices, adjusted for inflation, are lower than most of the modern period going back 30 years:

Crude Oil Prices for West Texas Intermediate (WTI), Adjusted for Inflation



Source: https://www.macrotrends.net/1369/crude-oil-price-history-chart

The underlying fundamentals look firmer than in many past tightening cycles: household debt burdens remain manageable, corporate earnings are positive, and financial markets have shown an ability to absorb changing expectations, such as with tariffs. For investors, that combination favors a patient, diversified approach, one that recognizes the potential for modest gains across asset classes while acknowledging that volatility may persist as the economy seeks its equilibrium.

Respectfully,

Chris Walters

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

[2] https://www.marketplace.org/story/2025/09/17/top-10-of-earners-make-up-half-of-us-retail-spending

[3] https://www.federalreserve.gov/mediacenter/files/FOMCpresconf20251029.pdf