

April 24, 2026

Greetings,

As of the end of the 1st quarter of 2026, net of fees, the returns of the fund models are:

As of 3/31/2026	1 st Qtr 2026	Year to Date	Last 1 Year [†]	Last 3 Years [†]	Last 5 Years [†]	Last 10 Years [†]
Aggressive Fund	-3.15%	-3.15%	15.22%	13.36%	8.25%	10.80%
Agg. Climate benchmark*	-1.36% -1.80%	-1.36% -1.80%	21.35% 17.79%	15.83% 15.17%	9.04% 8.83%	n/a 10.80%
Moderate Fund	-2.21%	-2.21%	11.86%	10.65%	6.17%	8.19%
Mod. Climate benchmark*	-0.94% -1.24%	-0.94% -1.24%	15.96% 13.49%	12.60% 11.84%	7.01% 6.67%	n/a 8.33%
Conservative Fund	-1.37%	-1.37%	8.13%	7.64%	3.93%	5.26%
Con. Climate benchmark*	-0.56% -0.63%	-0.56% -0.63%	10.28% 9.20%	8.51% 8.39%	4.35% 4.33%	n/a 5.62%

*“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: First Quarter 2026” report with the following observations and commentary:

“The economic backdrop continues to point toward measured cooling rather than outright contraction. Incoming data show slower payroll gains and a modestly higher unemployment rate, yet layoffs remain restrained and hiring has adjusted mainly through reduced openings rather than widespread job losses. This reinforces the view that firms are adapting to softer demand cautiously, emphasizing labor retention and productivity improvements instead of aggressive cost cutting, consistent with the prevailing “low-hire, low-fire” dynamic. Household conditions remain an important source of stability. Real wage growth has turned positive on a year-over-year basis, helping offset higher borrowing costs that have dampened interest-sensitive spending. While consumers have become more selective, outlays on services—particularly health care and other non-discretionary categories—have held up, supporting employment and aggregate demand. Balance sheets are uneven but generally healthier than in prior late-cycle periods, allowing consumption to slow without collapsing.

Corporate fundamentals also continue to cushion the slowdown. Profitability has moderated from late-2025 peaks but remains solid, and liquidity conditions are still ample, enabling firms to meet debt obligations and sustain core investment, particularly in technology and efficiency-enhancing projects. Rather than sweeping layoffs, management teams are focusing on margin discipline,

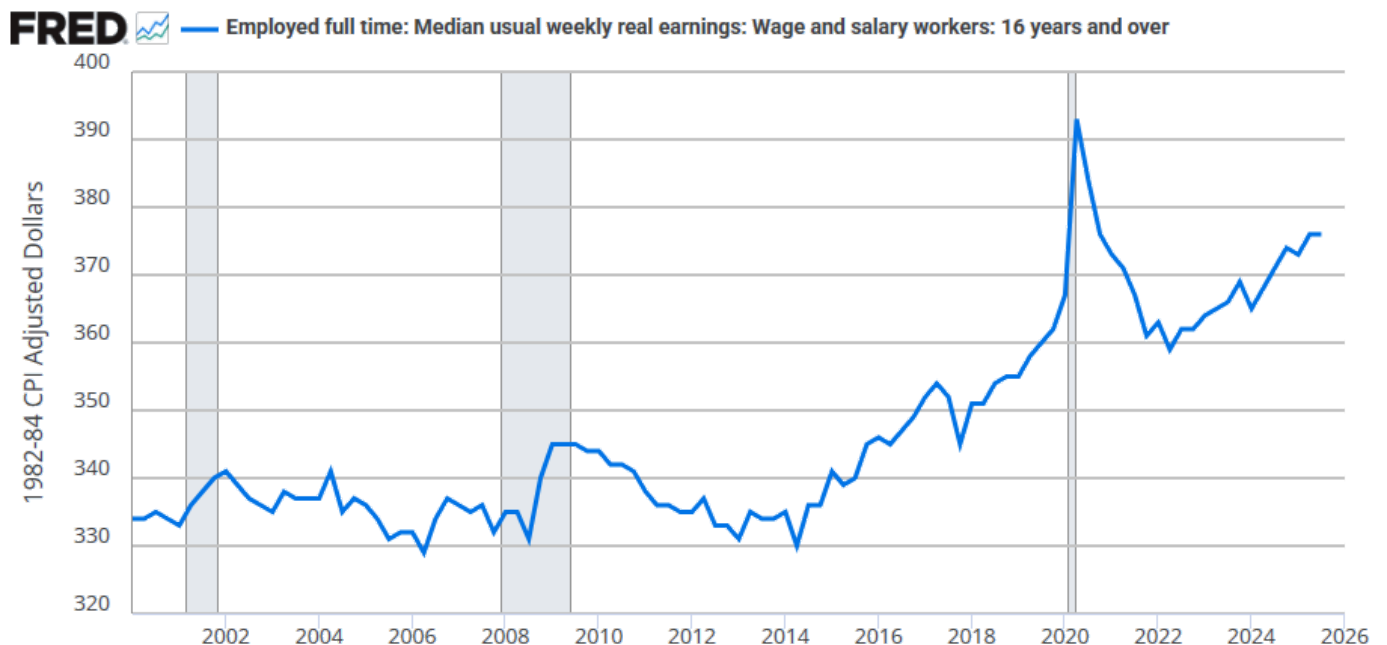
targeted capex, and delayed hiring, preserving operational flexibility, which may help growth re-accelerate later in the year.

From a macro standpoint, a soft-landing scenario remains plausible. Inflation has eased from its highs but remains above target, prompting the Federal Reserve to pause and emphasize patience rather than rapid easing. This stance reduces the risk of overtightening while allowing policy makers to assess how labor-market slack and easing supply constraints feed through to prices over coming quarters.

Consensus views still highlight manageable but meaningful risks. A sharper labor-market deterioration, renewed energy-price pressures, or geopolitical disruptions could alter the outlook. Structural challenges—such as demographic trends and participation constraints—remain headwinds, even as technology adoption offers near-term adjustment costs alongside longer-term productivity gains. On balance, current evidence supports an outlook of slower yet sustained growth, with policy and corporate strategies focused on resilience and stability rather than stimulus-driven acceleration.”¹

“Household conditions remain an important source of stability.”

“Real wage growth has turned positive on a year-over-year basis, helping offset higher borrowing costs that have dampened interest-sensitive spending.” Real wages (wage growth versus inflation) continue to increase after many years of stagnant real wage growth after the dotcom bubble and the 2008-09 financial crisis:²



Source: U.S. Bureau of Labor Statistics via FRED®
 Shaded areas indicate U.S. recessions.

And yet, despite wages outpacing inflation, there is cognitive dissonance in the collective mindset of American consumers, evidenced by a disconnect between consumer sentiment and actual consumer spending.

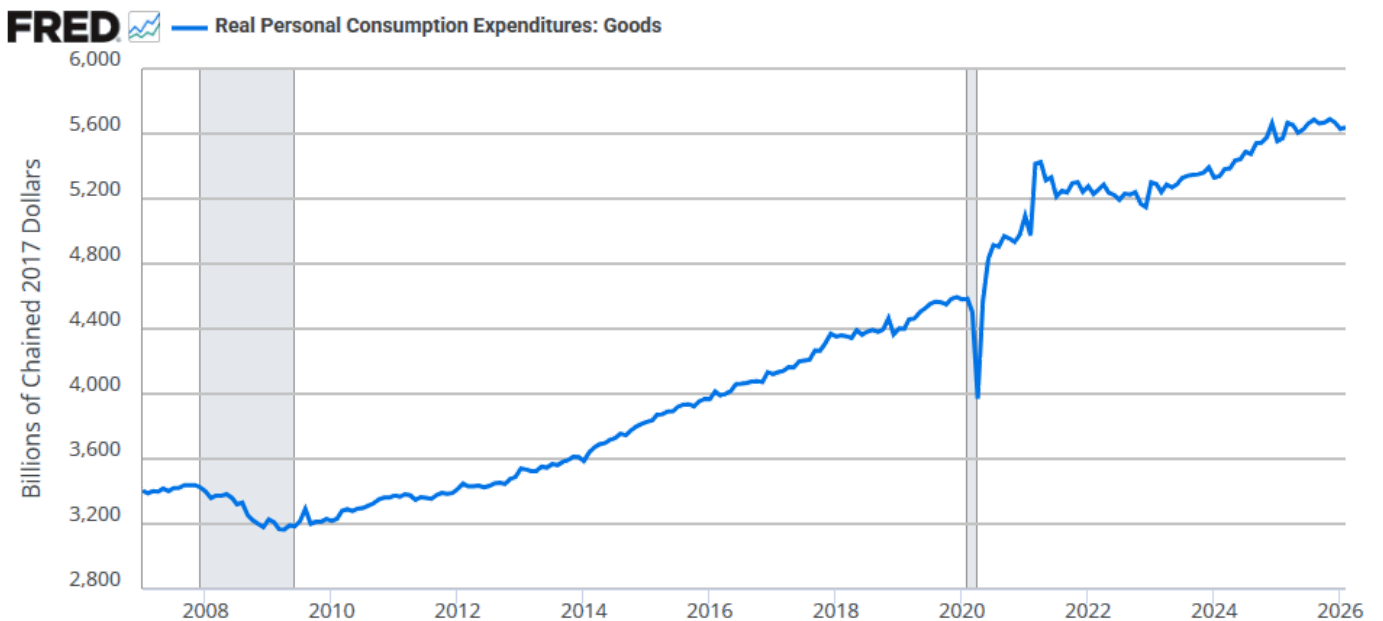
The pandemic walloped consumer sentiment, and it has not recovered:³

CHART 1A: THE INDEX OF CONSUMER SENTIMENT



University of Michigan, Surveys of Consumers, February 2026

Despite the incessantly negative news cycles and chronic churn in the media about the politics of high prices at the pump, for example, the data tell a story of a stable, though slower growing economy. “Balance sheets are uneven but generally healthier than in prior late-cycle periods, allowing consumption to slow without collapsing.” Dissonant with declining consumer sentiment are healthy increases in consumer spending:⁴



Source: U.S. Bureau of Economic Analysis via FRED®
Shaded areas indicate U.S. recessions.

“Corporate fundamentals also continue to cushion the slowdown.”

Driving recent stock market gains appears to be a growing confidence that the situation with Iran will work itself out in the relatively near future and not turn into another endless conflict, as with Afghanistan and Iraq.

Also driving stock market gains are reports of healthy first quarter earnings. For example, the semiconductor stalwart Intel reported much stronger than anticipated earnings of \$0.29 per share versus the expectation of \$0.01, and the company issued second quarter revenue guidance of more than \$1 billion higher than expectations.⁵ Intel’s stock price surged nearly 24% on the news and nearly 124% year-to-date. The market sees growing strength in Intel and other companies as a positive sign the AI and data center buildout boom is still strong.

“Inflation has eased from its highs but remains above target ...”

The Justice Department dropped its investigation of the Federal Reserve and Chair Jerome Powell. Universally, media pundits, legal experts, and Fed watchers viewed the investigation as a cudgel against Chair Powell and the Fed to lower rates. All eyes are now on the president’s nominee to chair the Federal Reserve Board of Governors, Kevin Warsh.⁶ Warsh has vast experience in the financial sector, including previously serving as a member of the Federal Reserve Board of Governors from 2006 to 2011. Reportedly, Warsh has a reputation for being an inflation “hawk,” which is at odds with the president’s open desire for the Fed to cut rates. The Senate is expected to confirm Warsh’s nomination.

As I have often written in this quarterly newsletter, it’s best to not let the daily noise of negative news rattle your nerves. Following the news and politics to be an informed citizen is one thing; investing calmly and consistently for your future is another thing, through broad diversification, riding the ups and downs. The ride may feel like a rollercoaster at times, but we should be encouraged that the markets function well in all manner of circumstances.

Respectfully,



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

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

² <https://fred.stlouisfed.org/series/LES1252881600Q>

³ <https://data.sca.isr.umich.edu/charts.php>

⁴ <https://fred.stlouisfed.org/series/DGDSRX1>

⁵ <https://finance.yahoo.com/sectors/technology/article/intel-stock-soars-on-q1-earnings-beat-strong-outlook-191552257.html>

⁶ <https://www.federalreservehistory.org/people/kevin-m-warsh>

“The information, analysis, and opinions expressed herein are for general and educational purposes only. Nothing contained in this quarterly review 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. Information obtained from third party sources is believed to be reliable but not guaranteed. Envestnet, SouthCol Advisors, the Foundation, and other advisors represented above make no representation regarding the accuracy or completeness of information provided herein. All opinions and views constitute our judgments as of the date of writing, and are subject to change at any time without notice.”