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Greetings,

As of the end of the 2nd quarter of 2026, net of fees, the returns of the fund models are:

As of 6/30/2026	2nd Qtr 2026	Year to Date	Last 1 Year†	Last 3 Years†	Last 5 Years†	Last 10 Years†
Aggressive Fund	**12.81%**	**9.26%**	**18.60%**	**15.89%**	**9.54%**	**11.90%**
Agg. Climate	15.44%	13.88%	26.92%	19.10%	10.94%	n/a
benchmark*	11.69%	9.68%	20.19%	17.30%	9.93%	11.90%
Moderate Fund	**8.86%**	**6.45%**	**13.63%**	**12.38%**	**7.01%**	**8.91%**
Mod. Climate	10.80%	9.76%	19.31%	14.96%	8.35%	n/a
benchmark*	8.39%	7.04%	14.91%	13.44%	7.44%	9.04%
Conservative Fund	**5.31%**	**3.87%**	**8.87%**	**8.78%**	**4.45%**	**5.67%**
Con. Climate	6.11%	5.52%	11.71%	9.94%	5.07%	n/a
benchmark*	4.83%	4.17%	9.41%	9.41%	4.74%	5.94%

*"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: Second Quarter 2026" report with the following observations and commentary:

> "The economic backdrop entering the second half of 2026 is more complex than it was at the start of the year, as growth has reaccelerated meaningfully, but so has inflation. Despite geopolitical conflict, higher oil prices, and persistent inflation, the U.S. economy has continued to show underlying strength, with strong corporate earnings, rising manufacturing activity, and a labor market that has proven more resilient than first-quarter data suggested. After a weak start to the year, payroll growth surged in May and prior months were revised substantially higher, shifting the narrative from gradual cooling to hiring momentum, though financial services and information remain areas of persistent contraction.
>
> Household conditions are more strained than earlier in the cycle. Higher energy prices from the Iran conflict have diverted household resources toward non-discretionary spending, weighing on real consumer outlays and eroding purchasing power for many families. Wage growth, while still nominally positive, is running below overall inflation. Consumer sentiment has weakened materially, though household balance sheets remain relatively sound and equity market gains have provided an offsetting buffer for higher-income households.
>
> Corporate fundamentals remain solid. An exceptional Q1 earnings season and upward revisions to full-year profit expectations underscore continued resilience, supported by AI-related capital

investment and ongoing margin discipline. Management teams continue to prioritize efficiency and productivity over broad headcount expansion, preserving operational flexibility heading into a more uncertain second half.

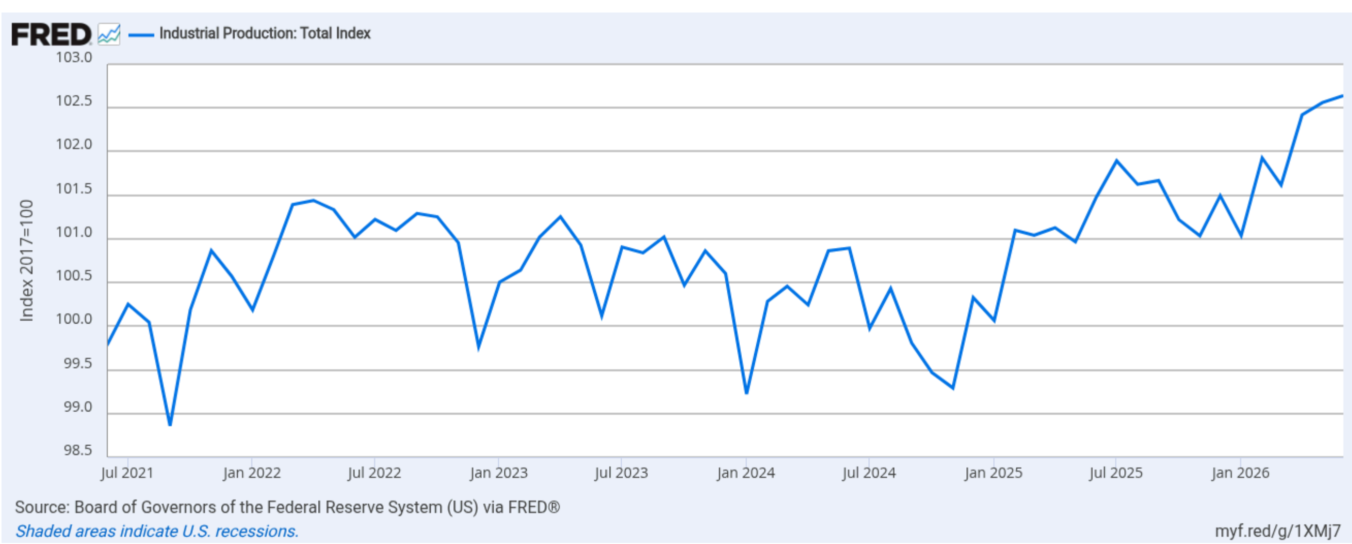
From a macro standpoint, inflation has reaccelerated above earlier projections, driven by energy-price pass-through, sticky services inflation, and lingering tariff effects. Under new Fed Chair Warsh, the Committee has removed its easing bias and the prospect of rate hikes before year-end has entered the base case for many analysts, which is a shift from the multiple cuts that were priced at the start of 2026.

Consensus views acknowledge meaningful but manageable risks. A durable resolution of the Iran conflict and associated decline in energy prices would relieve significant pressure across both the inflation and consumer spending outlooks, and recent signals of a tentative peace framework have already begun to ease some of that pressure. Conversely, second-round energy effects, a resurgence in core services inflation, or further policy tightening could dampen an otherwise resilient expansion. On balance, current evidence supports an outlook of continued but more uneven growth, with policy uncertainty, inflation persistence, and geopolitical developments remaining the primary variables shaping the path ahead."[1]

"U.S. economy has continued to show underlying strength"

If you turn on the evening news or scan daily headlines, it is easy to feel as though economic uncertainty is always around the corner. Between geopolitical tension, shifting fuel prices, and market swings, it is entirely understandable why we might feel cautious. When we look past the noise and examine the underlying foundation, our broader economy continues to show resilience. The job market has shown quiet durability, so far defying predictions of a sharp drop-off from AI. The relative stability of the jobs market is reinforced by solid, quiet momentum across the broader business landscape. Corporate earnings have largely beaten initial expectations, supported by steady demand and practical investments in technology that boost productivity without triggering widespread layoffs. "Industrial production (IP) ticked up 0.1 percent in June and grew at an annual rate of 4.0 percent in the second quarter. Manufacturing output was unchanged in June but rose at an annual rate of 4.7 percent in the second quarter."[2]

Previous 5 Years of Industrial Production: Total Index[3]



“Corporate fundamentals remain solid.”

When we talk about “corporate fundamentals,” we are talking about the real-world health of the businesses whose shares make up the bedrock of growth for church endowments and investment accounts. Beyond the tech sector and the AI buildout, companies are generally avoiding over-expansion; instead, they are keeping their balance sheets healthy so they can weather unpredictable economic weather without jeopardizing their core operations.

We saw the payoff of this cautious approach in recent earnings reports, which held up better than expected across the board. Instead of going on hiring sprees or taking big risks to chase quick growth, leaders are choosing to work smarter with the resources they already have.

“inflation has reaccelerated above earlier projections”

We all feel the real-world effects of higher prices in our daily lives and ministry work. Higher energy costs and supply chain dynamics have pushed inflation back above earlier projections, serving as a reminder that economic recovery rarely moves in a straight line. Because inflation remains persistent, Federal Reserve leaders are not likely to cut rates in 2026. Chair Kevin Warsh on July 14, 2026, stated in his testimony to Congress: “The members of our Committee have no tolerance for persistently elevated inflation. And we share a resolute commitment to restoring price stability.”[4]

That shift means the rate cuts many were expecting for later this year are probably off the table for now, and rates might even tick up a bit before things settle. While that makes borrowing a little tougher, there is a silver lining for newly-issued fixed-income securities to earn higher yields than we’ve seen in years. The key for us is simply staying patient and flexible, holding steady through the churn of the markets without losing sight of our long-term goals.

Respectfully,

Chris Walters

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[1] https://www.envestnet.com/sites/default/files/documents/PMC_QuarterlyMarketEnvironment.pdf
[2] https://www.federalreserve.gov/releases/g17/current/default.htm
[3] https://fred.stlouisfed.org/series/INDPRO
[4] https://www.federalreserve.gov/newsevents/testimony/warsh20260714a.htm