



Q4 2025 Market Outlook: Investing with Discernment and Hope
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As the final months of 2025 unfold, we find ourselves at a critical intersection of opportunity and caution. Markets are responding to a rapidly changing environment — economically, geopolitically, and technologically. For the United Methodist Foundation of Michigan, this moment is one to reaffirm our commitment to faith-driven investing that serves the long-term wellbeing of our churches and communities.

Looking Ahead: Resilient But Vigilant

Despite a complex and sometimes contradictory backdrop, markets have shown remarkable resilience. Solid earnings, strong GDP growth, and the start of a more dovish Fed cycle provide reasons for optimism. However, structural challenges — including trade disputes, valuation risks, and potential shifts in monetary leadership — suggest that a cautious, diversified approach remains warranted.

Market Valuations and Stewardship

U.S. stock prices remain elevated by many historical standards, but they are being supported by consistent corporate profitability and ongoing economic stimulus efforts. While the numbers can suggest momentum, we approach them with measured discernment, knowing that stewardship calls for more than just chasing growth — it asks us to seek alignment between resources and purpose.

Global Diversification: A Broader View of Impact

Beyond the U.S., international economies are showing signs of vitality. Several global markets have outperformed their U.S. counterparts this year, benefiting from favorable currency trends, stronger earnings across sectors, and policy actions designed to support growth. This has opened up new possibilities for faithful diversification — spreading investment risk while also aligning with causes that promote global justice, sustainability, and human dignity.

Bonds and Fixed Income: A Steady Hand in Transition

The bond market has remained relatively calm, even as interest rates have shifted and the broader economic picture has evolved. Many investors see fixed income as a stabilizing force amid uncertainty — and rightly so. At UMF Michigan, we continue to view bonds not only as a tool for income but as an essential component of a long-term, balanced investment strategy that supports enduring ministry.

Geopolitical Tensions and Economic Uncertainty

Events across the globe — including military build-ups, tensions in resource-rich regions, and rising strategic competition in emerging technologies — serve as a reminder that the economic landscape is shaped by more than just numbers. Political developments and potential policy shifts can influence energy prices, supply chains, and global markets with little warning. We remain vigilant, guided by both our financial expertise and our commitment to ethical investing rooted in Methodist values.

Trade and Supply Chain Evolution

This year has shown that shifts in trade policy can quickly ripple through markets. Businesses that previously raced to beat new tariffs are now adjusting to a new normal, where supply chains are being restructured and domestic production is receiving renewed attention. These changes affect not just profits, but people — including workers, families, and communities that have been impacted by global economic realignment. As faith-based investors, we are attentive to how these shifts affect economic justice and fair labor practices.

Inflation and Economic Growth: A Balancing Act

Inflation continues to moderate, though not uniformly across all sectors. Shelter costs and wages remain sticky, while certain imported goods face renewed cost pressures. The U.S. economy is still expanding, albeit at a slower pace than last year. Other regions, especially Asia, are seeing stronger growth. As central banks respond to these crosscurrents, the challenge lies in supporting continued progress without reigniting inflation.

Remaining Rooted in Mission

Amid all these shifts — economic, geopolitical, and technological — our foundation remains grounded in faith. We believe investment decisions should reflect more than market trends; they should honor our collective calling to care for creation, uplift the human condition, and sustain ministry for generations.

Whether managing endowments, guiding charitable giving, or advising congregational investments, the Foundation seeks to offer more than financial expertise — we offer a partnership in mission. Thank you for trusting us to walk alongside you in this season and always.