UMFF FUND OVERVIEW____**as of SEPTEMBER 2024**

The most recent three months generated strong performances in many sectors of the stock market. The S&P 500 Index was up 5.89% from July 1 through September 30, 2024. Gains were larger in the third quarter for the Down Jones Industrial Average at 8.72%, while the NASDAQ composite (technology based) index lagged, but still gained a solid 2.76%.

Since 2023, there have been a number of important positive factors for the equity markets. The economy has been strong with low rates of unemployment, decreasing interest rates, and continuing technology, health care, and efficiency/productivity advancements. Inflation has been significantly reduced, which should improve activity for residential construction and selectively for commercial development.

Alongside the positive factors in the economy and the continuing strength of the investment markets, there also exists an unusually high level of major uncertainty in the world at present. There are tragic conflicts presently underway from wars in Ukraine, and more recently in the Middle East. There are additional real risks of significant escalation, particularly at present between Israel and Iran.

Severe weather, attributed by many as being directly correlated with climate changes, have resulted in devastating storms, fires, and floods in a number of geographic areas, with the potential for even greater adverse impact in coming years. Politically, while not unique in American history, the level of animosity and partisanship among many groups is at extremely high levels. There is resulting gridlock with major dysfunctionality which poses serious potential economic and governance risks.

Government debt has risen globally since the COVID pandemic. We have an extremely troubling level of government debt, not in excess of $35 trillion, with programs, including Social Security, Medicare, and Medicaid, not being financially sustainable. As of August 2024, the interest costs of servicing the national debt exceeded $1 trillion for the first time.

In this complicated environment, we believe that choices for investments among industry sectors are exceptionally important. It is our view that over the coming decades, the requirements and investments in infrastructure will be significantly higher than projected. Whether it is rebuilding transportation infrastructure, providing essential access to water, or others, massive amounts of investment are and will be needed. We also view health care company stocks as being relatively inexpensive and areas including artificial intelligence, automation, genomics, and transportation will likely attract great interest with amazing potentials.

THE FUNDS

The Diversified Equity Fund, the 100% stock Fund, had a total return of 9.2% this past quarter outperforming its benchmark due to strong security selection as value-oriented stocks outperformed. The Russell 1000 Value index gained 8.9% compared to the Russell 1000 Growth index gain of 3.0% over this time period as investors favored stocks with lower price to book ratios accompanied by lower growth rates. The lack of energy exposure also benefited the Fund as the price of West Texas Intermediate crude oil dropped from $84 to $68 per barrel over the quarter on plentiful supply. The Fund did especially well in the Information Technology sector where value-oriented hardware companies outperformed on strong orders related to powering artificial intelligence. The Fund continues to over-weight the Information Technology sector compared to its benchmark in addition to over-weights in Health Care, Industrials and Utilities. These over-weights are offset with under-weights in the Consumer sectors in addition to Financials, Energy and Communication Services. The Fund is under-weight the Mega Cap stocks that has driven index returns due to their vast size and outsized index weights. The Fund instead looks for market inefficiencies to outperform in the Large Cap, Mid Cap and Small Cap areas.

The Growth & Income Fund, offers a mix of half equities and half fixed income securities, and had a total return of 6.3% over the past quarter outperforming its blended benchmark. On the equity side, the Fund outperformed due to superior security selection in addition to a sector allocation over-weight in the Utility sector. Utility companies did well with more attractive dividend yields in the declining interest rate environment, as the Federal Reserve lowered interest rates by 50 basis points in mid-September. On the fixed income side, the Fund remains on the short end of duration with an average effective maturity of 3 years while generating a yield to maturity of 4.1%. The fixed income securities have investment grade credit ratings providing the Fund with downside protection in addition to its income generation.

The Balanced Income Fund offers a mix of 30-40% equities and 60-70% fixed income securities and had a total return of 4.8%, outperforming its blended benchmark in 3Q 2024. The outperformance was due to a combination of positive asset allocation, sector allocation and stock selection. The Fund benefited from having a large position in the Utilities sector as it provided price appreciation in addition to a high dividend yield. The Fund's equity holdings in technology companies including Taiwan Semiconductor, Corning, IBM, Microsoft and Salesforce provided exposure to the generative artificial intelligence investment thesis that has driven stock market performance this year. On the fixed income side, the Fund's bonds have an average yield to maturity of 4.4% and are mostly in corporate debt that trade at a "yield spread" above Treasury bonds with corresponding maturity dates.

The Bond Fund of 100% bonds' underlying holdings have an aggregated effective maturity of 2.5 years versus the benchmark's 3.0 years. The Fund had a 2.8% return in Q3 2024 due to both bond yields and bond price appreciation. Bond prices increased as the 2-Year Treasury yield dropped from 4.8% to 3.6% over the quarter. The Fund's holdings are of investment grade quality in line with its investment objective of providing a "relatively steady level of income". Most of the Fund is in corporate debt although there are also positions in Treasury bonds and municipal debt. These bonds offer protection against the volatility seen in other fixed income sectors such as emerging market debt and high yield bond markets.

Current Challenges:

- The unemployment rate has trended upwards from its 2023 low and is currently at 4.2%.
- The Federal government budget deficit is projected to be $1.8 trillion this fiscal year and is expected to continue to be large with either a Harris or Trump presidency in the upcoming national elections.
- Heightened geopolitical risks with wars in Europe and the Middle East along with uncertainty around crude oil supply that can lead to volatility in gas prices along with transportation costs.
- Leading economic indicators still point to a potential recession.

Current Opportunities

- Inflation has dropped to 2.4% which has enabled the Federal Reserve to cut its discount rate by 50 basis points last month.
- The Inflation Reduction Act has opened up investment opportunities in clean energy technologies along with the energy transition.
- Artificial Intelligence continues to be an investment thesis of many companies with the promise of future revenue growth in addition to incremental demand for data centers, power generation and associated hardware.

Please refer to the UMFF Q3 2024 Fund Fact pages, which are provided separately, for portfolio performance, sector allocation and other characteristics of each Fund.

1. This document may include forward-looking statements. All statements other than statements of historical fact are forward-looking statements (including words such as "believe," "estimate," "anticipate," "may," "will," "should," and "expect"). Although we believe that the expectations reflected in such forward-looking statements are reasonable, we can give no assurance that such expectations will prove to be correct. Various factors could cause actual results or performance to differ materially from those discussed in such forward-looking statements.

2. Past performance is not indicative of any specific investment or future results. Views regarding the economy, securities markets or other specialized areas, like all predictors of future events, cannot be guaranteed to be accurate and may result in economic loss to the investor.