UMFF FUND OVERVIEW____as of DECEMBER 2024

Best wishes for a health, safe and happy 2025 (and beyond). Equities were strong during 2024 with bond performance being mixed as interest rates reflected both the strength of the economy and high levels of uncertainty. In 2024, our investment strategy was based on the expectation of a continuing strong economy with large federal government deficits (stimulating the economy) and with slower than expected interest rate reductions.

For equities, with leadership from the "Magnificent Seven" and similar technology-based stocks that led the markets, the NASDAQ composite moved higher by 29.29%. With this strength positively impacting most indices, the Dow Jones Industrial Average and S&P 500 were up a solid 14.99% and 25.00% respectively. The MSCI International Index was up 3.82%. In the bond market, as interest rates edged higher in some maturity ranges, the Merrill Lynch U.S. Corporate Bond Index was up 2.77%. While the Merrill Lynch 1-3 year Treasury Bond Index was up 4.10% the Merrill Lynch Long-Term Treasury Bond Index was down (5.91%).

Going forward, we have significant concerns about the lack of government fiscal responsibility and its potential negative impact on bond and debt markets. Our expectations are for a continuing major problem with deficit spending by the federal government. These fiscal challenges raise potential risks that could increase interest rates in the future, facilitate a resurgence of inflation, and weaken the U.S. dollar.

Meanwhile, the equity markets generally appear to be expensive, with stocks being severely punished when the company's sales and earnings disappoint the market's expectations. Sector and individual stock selections are extremely important under current market conditions. At this time, certain sub-sectors of technology, infrastructure, and value-based investments in equities look to be attractive to us. We also believe that there continues to be buying windows in underperforming sectors which include a number of developing countries, energy (including nuclear, alternative technologies, and natural gas), health care (potentially small aggressive investments in Genomics and new technologies), utilities and community banks.

THE FUNDS

The Diversified Equity Fund, the 100% stock Fund, slightly outperformed its benchmark during this past quarter and year with positive returns of 2.9% and 24.2% respectively. The strongest sectors in the stock market this year were Communication Services, Information Technology, and Financials that all had an outsized 30% plus return for the year. The Diversified Equity Fund benefited from its overweight in Information Technology that was partially offset by underweights in Communication Services and Financials. While Utilities dropped in 2023 on fears of higher for longer interest rates, they more than rebounded in 2024 with a total return of 24%, benefiting the Fund's overweight position last year.

Security selection benefited the Fund within the Technology sector as value oriented hardware companies with indirect exposure to Artificial Intelligence rallied to higher prices and valuation multiples. Meanwhile stock selection weighed on the Fund within the Healthcare sector as investors rotated towards higher growth areas. The Fund continues to underweight the Mega Cap stocks that have dominated index positions and performance while overweighting Mid Cap stocks where we see areas of stock pricing inefficiencies and opportunities.

The Growth & Income Fund, offers a mix of half equities and half fixed income securities. The Fund outperformed its blended benchmark over the past quarter and year with a total return of 1.8% and 14.9% respectively. Hardware technology companies benefited the Fund with strong positions in Taiwan Semiconductor and Corning Inc. returning 93% and 61% over the year respectively. Artificial Intelligence is driving demand in computer chips for quantum computing and fiber products for hyper scale data centers. On the fixed income side, the Fund is invested primarily in investment grade corporate debt that trade at a yield spread above their corresponding Treasury bonds with the same maturities. The majority of bond investments mature between 1 to 5 years where they offer decent interest while minimizing the risk of an interest rate spike that has adversely impacted longer termed bonds over the past three years.

The Balanced Income Fund offers a mix of 30-40% equities and 60-70% fixed income securities and outperformed its blended benchmark in 4Q 2024 and over the year with a total return of 1.0% and 10.6% respectively. On the equity side, the Fund remains value oriented as indicated by its higher dividend yield of 2.1% compared to the benchmark index's 1.6%. The Fund's asset allocation position of 69% in high quality investment grade bonds help to insulate it from volatility seen in the equity markets. The vast majority of the Fund's bond investments are in corporate debt with a credit rating of A or higher. These bond investments are positioned to minimize both interest rate and corporate credit risks while still maintaining a steady yield to maturity of 4.3%.

The Bond Fund of 100% bonds' underlying holdings had total return of 0.0% over the past quarter and 4.3% over the past year compared its blended benchmark's return of negative (0.8%) and 3.8% over the respective time periods. While the 3 to 5 year investment grade bonds in the benchmark saw negative returns over the past quarter due to interest rates moving higher, the Bond Fund was insulated from this negative price movement due to their short-term durations with an average effective maturity of only 2.5 years. The Bond Fund outperformed its blended benchmark across different time periods, ranging from 1 to 10 years of return performance, due to this position on the short term end of the yield curve. In addition, the Bond Fund invests in corporate bonds with strong credit ratings, mitigating the risk of singular credit downgrades. The Fund is designed for capital protection but now provides decent yields in the higher interest rate environment.

Current Challenges:

- Wars in Ukraine and the Middle East in addition to potential of unforeseen political and military events create an additional level of risk to the world economy and markets.
- Heightened geopolitical risks and global trade conflicts persist as there is uncertainty around trade deficits and the level of US import tariffs with the new Administration.
- Natural disasters have proven to create economic havoc and add geographic investment risks in areas vulnerable to climate events.
- The large federal government budget deficit is expected to reach $2 trillion this year which will increase government borrowing that can drive up interest rates, impacting both bond and stock markets.
- Uncertainty on monetary policy as inflation is still above the Federal Reserve's target of 2% even though the central bank has cut interest rates.

Current Opportunities

- Large federal government spending creates an economic stimulus opening up investment opportunities in sectors including infrastructure and healthcare.
- The unemployment rate recently ticked down to 4.1% and is below its 10 year historical average.
- Artificial Intelligence continues to boost demand for technology hardware driving up revenue in companies with exposure to data centers and advanced computing.

Please refer to the UMFF Q4 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.