The 2022 and 2023 equity and bond markets were volatile, with significant broad weakness in 2022. During 2023, substantial strength focused on an extremely small number of large capitalization momentum stocks, with generally modest performance for the overwhelming majority of equities.

For last year, the S&P 500 was up 26.6%, with the "Magnificent Seven" stocks (Amazon, Apple, Alphabet, Meta, Microsoft, Nvidia, and Tesla) accounting for an average return of 104.7%, and 62.2% of the total gains for the 500+ stocks in the Index. The remaining S&P 500 Index equities appreciated by 9.94%, with significantly lower average performance for the majority of companies in this primary market index. Excluding the Magnificent Seven, the S&P 500 Index was up 1.37% for the two-year period, with many stocks having negative performance. Performance for other major indices, including and influenced by lesser levels of momentum stocks in 2023, were at 16.18% and 16.88% for the Dow Jones Industrial Average and Russell 2000, respectively.

We currently prefer utility stocks at specifically designated price points, as opposed to fixed-rate, long-term bonds. It's true that issuers of debt must pay interest payments or be in default, while companies can reduce or omit dividends without having a legal issue, resulting in more security for bondholders. There are, nevertheless, advantages to certain attractively-priced utility stocks, compared with owning debt securities. For electric and most gas utilities, they are regulated monopolies, with regulatory commissions setting rates. Although rate changes may be deferred for extended time periods, utilities should, when well-managed, have rates established that will generate fair investment returns through appreciation and dividends. Different state commissions will have varying policies, some more and some less friendly to utility companies. Should inflation become a problem for utility stocks, their rates are expected to be adjusted to reflect market conditions. In periods with high inflation, rates of return with utility stocks should increase while fixed-rate bonds do not change.

We are cautious about the future. With nearly $34 trillion of government debt, extremely high annual deficits and the potential, not certainty, of this situation worsening, we believe the risks of higher-than-anticipated future inflation, higher interest rates, and a weaker U.S. dollar, are not insignificant. Additionally, we expect the amount of infrastructure expenditures to be extraordinarily high. With a continued high level of market volatility, we also expect that our focused area of value-based stocks will receive more interest and attention.

THE FUNDS

The Diversified Equity Fund, the 100% stock Fund, had a total return of 12.8% over the past quarter slightly outperforming its benchmark as the Fund benefited from its large allocation in the technology sector combined with zero positions in the energy sector. The technology sector rallied materially from a steadfast economy accompanied by lower discount rates in as interest rates peaked. The 10-year Treasury bond yield reached a peak of 5.0% in October but ended the year at 3.9%. The fear of higher interest rates had been weighing on technology stocks since they sold off in 2022 and the lower rates acted as a catalyst for their outsized returns. Meanwhile, the energy sector is relatively less sensitive to interest rates and much more correlated with the price of oil. West Texas Intermediate oil contract prices reached its annual high of $99 in September but fell to $72 to close out the year. Fears of an oversupplied market weighed on energy stocks that were absent in the Fund. The Fund is also underweight the consumer staples and consumer discretionary sectors as they have lofty valuations accompanied by risks from an uptick in consumer default rates. In addition to the technology sector, the Fund is overweight the healthcare and the utility sectors as both of them trade on relatively better valuations, with the latter protected by government regulation reducing their downside risk.

The Growth & Income Fund, offers a mix of half equities and half fixed income securities. The Fund had a total return of 7.9% in 4Q 2023 and 10.0% over the 2023 year. On the equity side, the Fund is overweight the utility, technology, industrials and health care sectors while underweight the financials, energy, consumer staples and consumer discretionary sectors. Financial stocks had a volatile year with many regional banks under pressure after Silicon Valley Bank was closed by regulators early in the year as the bank lost deposits. The banking sector has since stabilized and ended the year recovering as the lower interest rates took pressure off the need to

increase short term deposit rates. The Fund's equities have a more attractive valuation than its benchmark as seen by its lower price to earnings ratio of 22x and higher dividend yield of 2.5%. On the fixed income side, the Fund is invested in high quality investment grade corporate debt with a small amount in US Treasury bonds. Fixed income yields have increased dramatically from their 2020 lows and are now far higher than their 10 year historic average. The Fund's bonds have an average effective maturity of 2.5 years with 68% of the bonds maturing in the next three years. As these bonds have near term maturities, they have benefited from the downward sloping yield curve as longer-termed bonds yield less than shorter-termed bonds.

The Balanced Income Fund, offers a mix of 30-40% equities and 60-70% fixed income securities, had a total return of 5.2% in 4Q 2023 as both equities and fixed income allocations performed well. The Fund has a large overweight in the utility sector as the sector has an average yield of 4%, providing a steady level of income that is part of the investment objective of the Fund. On the equity side, the Fund is overweight the healthcare sector as healthcare spending continues to trend upwards in absolute terms and as a percentage of the nation's Gross Domestic Product (GDP). On the fixed income side, the Fund is mainly in corporate bonds but also has material positions in taxable municipal debt and US Treasury bonds. All of the bond investments are of investment grade quality with the majority of them having an A credit rating. Their average effective maturity is 2.1 years limiting the downside of any interest rate spikes.

The Bond Fund of 100% bonds' underlying holdings had a total return of 2.6% for the last quarter of the year with an aggregated effective maturity of 1.9 years versus the benchmark's 3.0 years. Both short-term and long-term interest rates have declined since October as inflation dropped to 3.1%, well below its 2022 high of 9.1%. As interest rates dropped, bond priced went up and bond investments performed well. The Fund's bonds are investment grade for the purposes of capital protection and hence insulated from large amounts of volatility.

Current Challenges:

- Violence from the wars in Israel/Gaza and Russia/Ukraine with the possibility of these conflicts escalating and spreading to other countries.
- Shipping routes have been compromised as the Yemen based Houthi rebel group has attacked vessels in the Red Sea.
- Possibility of a US government shutdown in a highly polarized environment with global elections ahead that may increase policy risk and hurt international trade.
- Some leading economic indicators are unfavorable as average consumer expectations for business conditions point to an upcoming recession.

Current Opportunities

- Inflation has dropped materially over the last 18 months reducing interest rate risk to the market.
- Unemployment at low levels and well below its 15 year average have fueled the economy.
- Consumer spending continues to be resilient despite consumer expectations and credit concerns.

Please refer to the UMFF Q4 2023 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.