UMFF FUND OVERVIEW____as of MARCH 2024

The first quarter of 2024 included strong equity performances, particularly in rotating areas of infrastructure and value-based stocks (including energy and financial stocks). While the first few days of April have partially reversed the very positive stock market trends since November, the economy continues to perform quite well.

Based on several factors, including extremely low levels of unemployment, pent up demand for goods and services, and fiscal stimulus from increasing government deficit spending, we were much more positive in 2023 than positions taken by many industry analysts. Going forward, based on fiscal irresponsibility of both parties in government, we are more cautious than many market analysts. The risks from inflation, higher prospective interest rates than expected continuing into the future, and the potential for a weaker dollar, cause us to have higher levels of concern longer term.

We believe that industry and company specific investment selections will continue to be very important strategic decisions. For the equity markets, comparative indices for the first three months of 2024 included: Dow Jones Industrial Average, 6.14%; S&P 500, 10.55%; Russell 2,000, 5.17%; MSCI-EAFE (international), 5.78%; NASDAQ composite, 9.32%; and S&P 500 utilities, 4.57%.

For bonds, the performance numbers in the first quarter were much more mixed: Merrill Lynch 1-3 year treasury bonds, 0.29%; Merrill Lynch U.S. Corporate bonds, (0.09%); and Merrill Lynch long-term (15+ year) treasury bonds, (2.94%).

THE FUNDS

The Diversified Equity Fund, the 100% stock Fund, had a total return of 9.4% over the past quarter and 20.5% over the past year. The robust quarterly performance was driven by the technology sector lifted up by companies with Generative Artificial Intelligence technology. Technology stocks appreciated in price as future earnings were guided upwards. The Fund has sizeable overweight positions in Information Technology, Healthcare and Industrial sectors but is underweight the Mega Cap stocks that have dominated the performance of market-weighted stock indices. The lack of energy stocks was a headwind in Fund performance as oil & gas stocks rallied with the price of oil increasing on strong global demand and uncertain supply. The Fund is overweight Mid Cap stocks as there are opportunities for security selection in this area.

The Growth & Income Fund, offers a mix of half equities and half fixed income securities. The Fund had a total return of 5.1% over the last quarter and 12.9% over the last year driven by the price appreciation of equities while the fixed income securities remained stable. The Fund benefited from an asset allocation overweight in equities relative to its target as equities rallied with declining inflation and unemployment rates. The Fund's Price to Earnings multiple of 24x is lower than the benchmark's 26x and a reflection of the stock selection process that factors in valuation. The aggregate dividend yield of the Fund is 2.4% and higher than the benchmark's 1.7% as the Fund is more likely to hold companies with strong recurring cash flows giving them the ability to pay out higher dividends. On the equity side, the Fund is underweight the Financial, Energy and Consumer sectors although it did benefit from holding Consumer Discretionary stock Amazon. The Fund's fixed income holdings have an effective maturity date in 2.6 years insulating their risk towards interest rates movements, that have adversely impacted long term securities when inflation peaked. The Fund's bonds have a yield to maturity of 3.9% with the majority of them being A-rated corporate debt.

<u>The Balanced Income Fund</u> offers a mix of 30-40% equities and 60-70% fixed income securities with a total return of 3.4% over the past quarter and 9.3% over the past year. The Fund has 46 equity securities selected based on their valuation and underlying company business models with several securities being Utility stocks trading at attractive dividend yields. In terms of asset allocation, the Balanced Income Fund is overweight equities relative to its benchmark as a resilient economy continues to drive equity returns. The high interest rate environment, relative to the past 40 years, increases the expected return on investment grade bonds as the Fund's bonds have an aggregate yield to maturity of 3.9%. The Fund's fixed income securities are focused on

Corporate debt with strong credit ratings with less than 10% of the fixed income securities in US Treasury and Municipal debt. The short-term duration of the Fund's fixed income holdings is designed to mitigate against interest rate risk as principle proceeds received on maturity dates are reinvested at current market interest rates.

The Bond Fund of 100% bonds' underlying holdings had a total return of 0.6% over the past quarter and 4.6% over the past year. The strong yearly performance for the investment grade bonds came from the high yields of debt overcoming bond price depreciation due to interest rate movements. The 2-year US Treasury yield increased from 4.0% to 4.6% over the past year and as yields increase, bond prices drop. The depreciation in bond prices was especially impactful for long-term bonds that were stuck with low yields from the low interest rate environment era. The Bond Fund was largely spared this adverse price depreciation as it has an aggregated effective maturity of only 2.2 years. Over 80% of the fixed income holdings are in A-rated or above Corporate debt with a small portion in US Treasuries and Municipal debt. The Fund's bonds are investment grade for the purposes of capital protection and insulated from the volatilities in the emerging market debt and high yield bond markets.

Current Challenges:

- Inflation remains well above the Federal Reserve's long-term target of 2% and any surprises to the upside are a risk to both equity and fixed income market valuations.
- Heightened geopolitical risks in an increasing multipolar world that has led to wars in Ukraine and Gaza with the potential for a cold war against China.
- Highly politicized environment with uncertainty in government policy as the November national elections are on the horizon and Congress is largely divided.
- Valuation in equities have been stretched as stock indices have become more concentrated in large Mega Capitalization securities.

Current Opportunities

- China is expected to roll out policies to stimulate its economy and recover from their real estate problems as they target a 5% GDP growth rate that can lift the global economy.
- The Inflation Reduction Act is pushing forward vast amounts of monetary incentives for the clean energy sector that may provide investment opportunities.
- Unemployment is at historically low levels and the U.S. economy continues to be strong.
- Interest rates have dropped materially from their 2023 October peak as the Federal Reserve may cut their benchmark interest rate later this year.

Please refer to the UMFF Q1 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.