The levels of sickness, hospitalizations, and deaths that have already occurred from Covid-19 have most unfortunately been extraordinarily tragic. Through unprecedented Government intervention, the economy has been able to respond well, avoiding a serious recession or even more severe economic consequences. Equity market returns for the year ended June 30, 2021 were very strong. During the Third Quarter 2021, results were mixed. With modest overall gains for the S&P 500 and S&P Utility Indices and small losses in the DJIA and NASDAQ Indices, the weak results in September offset positive stock movements in July and August.

With the present situation and unknowns, we expect a likelihood that there ultimately will be Government approvals for a level of social program investments, although at possibly lower than currently proposed by the President (and with the present pending funding for Infrastructure Investment Programs). We hope (and would like to expect) that the recent highly elevated coronavirus levels, through vaccinations and drug treatments, will trend much lower in 2022. The unprecedented Government financial intervention to stabilize and grow the economy will be extremely large but slower and smaller than what was anticipated several months ago. The economy will remain strong in the next year but not with the level of growth that was projected at the end of the second quarter of this year. Even with lower levels of Government spending than was previously anticipated, higher inflation, interest rates, and a weaker dollar are likely outcomes. The extremely different priorities and proposed programs from special interest groups and political parties will remain a major obstacle to actions determined and taken and will continue to be extremely confrontational, with much at stake in the 2022 mid-term elections.

We need to always be closely monitoring economic developments and projections. This has been a very positive period for economic growth and stock market results. At present levels for stock prices, there is a risk but not a certainty for a major stock market correction. Through Government funding and support of the economy, corporate operating results have been very strong. With extremely low market rates of interest, a strong economy, and generally favorable prospects, equity market valuations are quite elevated. Should the Government be committing several or more trillions of dollars for investments in our economy, for the near-to-intermediate-term for companies and the related equity markets, this can, even at currently high levels, continue to be very positive.

THE FUNDS

The Diversified Equity Fund, the 100% stock Fund, underperformed its benchmark during 3Q21 as cyclical value oriented industrial and technology stocks were negatively impacted by the September market correction. The Diversified Equity Fund holdings remain in line with our value focused investment philosophy and trades at far lower valuation multiples than the benchmark. In the scenario of increased interest rates with the Federal Reserve deciding to taper its $120 billion per month bond purchasing program, growth style equities that are more sensitive towards the discount rate applied to future cash flows may see a large decrease in their intrinsic value. The Fund is overweight the Healthcare, Utilities and Technology sectors as these parts of the economy are resilient in a more normalized economy with less economic support. In addition, these sectors can pass on inflationary costs to their consumers. The Fund is underweight the Consumer Discretionary and Consumer Staples sectors as the prospect of higher inflation would reduce the consumer's purchasing power. As rents are increasing at drastic levels across the United States, and commodity supply has remained constrained, the risk of higher ongoing inflation has been elevated. Logistical and distribution problems that have been deemed short term and blamed on the pandemic would further add to inflation rates if they become longer term.

The Growth & Income Fund, offers a mix of half equities and half fixed income securities. The Fund underperformed its blended benchmark in 3Q 2021 but outperformed the blended benchmark year-to-date and over a one year period. The quarterly underperformance was primarily due to some of the same equity securities in the Diversified Equity Fund within the Industrial and Technology sectors. This was partially offset by the Fund's overweight in Utilities which rallied as investors looked for safety and less volatility in their portfolios. The low interest rate environment, especially on the short end of the yield curve, remains challenging for identifying debt securities to purchase as the Utility sector adds the overall income yield of the Fund.

The Fund's bonds have an aggregate yield to maturity of 1.0%, materially above the two-year Treasury note trading at 0.3%. The Fund's equities, including high dividend Utilities, have an aggregate dividend yield of 2.8%, well above its benchmark. As a result, the equity portion of the Fund is providing both income and growth prospects while the investment grade bond investments fundamentally decrease portfolio volatility.

The Balanced Income Fund offers a mix of 30-40% equities and 60-70% fixed income securities and also underperformed its blended benchmark in 3Q 2021 but outperformed the benchmark on a year-to-date and one year basis. The Fund has an overweight position in Utilities as we view the sector to have strong risk adjusted expected returns that provide yield in a low interest rate environment. The value oriented investment discipline is demonstrated by the Fund's Price to Earnings ratio of 19x, far less than the benchmark's historically high 29x. The equity benchmark continues to be driven by Big Tech Mega Cap stocks while the Fund is overweight mid cap stocks where we see inefficient pricing compared to their intrinsic value. The Fund's bonds have an average duration of 2.3 years, well below the blended benchmark's 2.9 years. Although yield is tough to find, our fixed income positions continue to concentrate on short-term bonds as they are more protected than long-term bonds against the risk of higher inflation. To increase the bond yield of the Fund we have repositioned away from low yielding Treasury bonds to higher yielding corporate bonds.

The Bond Fund of 100% bonds slightly outperformed its blended benchmark during 3Q21, year-to-date and over a one year period. The underlying holdings have an aggregated effective maturity of 2.4 years versus the benchmark's 2.9 years. Short term interest rates have remained low while long term interest rates have increased materially in anticipation of higher future inflation rates. As a result, long-term bond prices have decreased, offsetting any benefit from a higher yield. The Fund's bonds are investment grade for the purposes of capital protection and insulated from the volatilities witnessed in high yield bond markets this past quarter. Inflation rates and the Federal Reserve's corresponding monetary policy are key monitoring points for the Fund.

Current Challenges:

- Inflation is a key risk that can negatively impact both the equity and stock markets in the scenario the Federal Reserve increases interest rates faster than expected to mitigate pricing pressure.
- Logistical and distribution issues are a key risk to the global economy as trade is negatively impacted with the supply chain no longer operating on a "just in time" model.
- Energy prices increase as the price of oil has rallied on supply concerns.
- Global trade conflicts that persist with the continued trade war with China.
- A tight labor market that may add to a shortage of goods produced along with higher prices.

Current Opportunities

- A major infrastructure bill may be passed by Congress to stimulate the economy.
- The renewable energy sector is a major growth opportunity with a focus on climate change goals.

Please refer to the UMFF Q3 2021 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.