UMFF FUND OVERVIEW as of DECEMBER 2018

After strong performance and growth from March 2009 through 2017, equities became substantially more volatile in 2018, with a sharp correction in many stock prices in recent months; the S&P 500 ended the year down, with its weakest performance since 2008. While the downward pressures in the stock market were broad based, there was a particularly severe impact on many "momentum" stocks (e.g. "FANG" stocks – Facebook, Apple, Netflix, and Google/Alphabet). The general equity markets, which had soared in prior years, ended the year down.

For the present and intermediate future, we anticipate increased levels of uncertainty and market volatility. However, while there are potential risks which could greatly and adversely impact the equity and bond markets, we do not currently see a short-term bubble. The U.S. economy, while slowing, continues to be marked by strong levels of employment, solid company performances and profitability, relatively low inflation and interest rates, and exciting technological developments and innovations. Yet there are significant risks which could quickly change the outlook and move the economy into severe upheaval. These include: the present trade war with China, the trend towards higher interest rates, the vast budget and trade deficits and their impact on the U.S. Dollar, and the uncertainties from a highly divided Federal Government.

With these significant factors facing us, we believe that a targeted, focused and actively-managed investment program will be an important component of a successful long-term investment strategy. Should our country's fiscal situation require greater sacrifices (higher government revenues from taxes, fees, and other sources), consumer demand would be adversely impacted. Certain cyclical sectors would particularly be under pressure.

Moving into 2019 we are generally optimistic, as we see sectors that we believe will be more attractive than others. One of those is Infrastructure, as we expect increased funding for roads, bridges, tunnels, etc. Also, in the event of a severe downturn, infrastructure expenditures will be expected to further increase as a method to stimulate the economy. Technology is another sector with positive long-term potential and we believe there are technology-based investment options where firms have strong proprietary positions and their market valuations have become attractive. In summary, we are facing increased market volatility, which includes investment potentials and challenges, and we look forward to using our more-than 40 years of experience to continue to make a positive and real difference for your organization.

The Funds

The Diversified Equity Fund of 100% equities outperformed its benchmark over the last quarter of 2018 as the high quality stock holdings with reasonable valuation insulated the Fund from the drastic price corrections of lower quality, overvalued, and momentum driven stocks. Additionally, corporate earnings were revised downward across the globe and markets began to transit to a late business cycle environment, away from the more rosy mid cycle environment. The Fund's most overweighed sector is in healthcare stocks – which are considered defensive during economic turmoil, followed by a slight overweight in consumer staples and utilities. These reflect favorable long-term trends as well as our consideration~~s~~ of the current economic cycle~~s~~.

Although the overweight in non-cyclicals has reduced the Fund's market risk~~s~~ during 4Q 2018, they were not as resilient as we expected when they sold off due to fears of a global recessions, leading to the worst December month performance for U.S. stocks since the 90's. The Church's initiatives of reducing fossil fuel exposures contributed positively to the funds' relative performance, as the Fund was kept from overweighting in the energy sector, which was the worst performing sector due to the drop in oil prices. Compared to the benchmark, the Fund is slightly overweight small capitalization stocks as our team believes there are market inefficiencies within this asset class that we can take advantage of through bottom-up analysis. However, we will gradually reduce risks from small capitalization stocks if we see the global economy moving towards the end of a late cycle stage. The transition from a mid to late economic cycle has been less distinct than the other phases of the cycle and may extend overall longer than expected, due to changes in political uncertainties or the Federal Reserve becoming less hawkish against inflation.

The Growth & Income Fund offers a mix of half equities and half fixed income securities. The Fund performed above its benchmark in 4Q 2018 as it avoided investments in “expensive” momentum based stocks and underweighted highly cyclical sectors (i.e. industrial companies). The Fund’s fixed income holdings benefit from their short duration which performs better in a rising interest rate environment by providing downside protection, compared to longer duration bonds that are more sensitive to interest rate changes.

The Balanced Income Fund offers a mix of 30-40% equities and 60-70% fixed income securities and performed as expected given the avoidance of "expensive" momentum stocks (similar to the Diversified Equity Fund strategy above) and is overweight in less cyclical sectors. The Fund benefited from its fixed income strategy of maintaining a short duration which protected these positions during last year’s environment where the Federal Reserve raised their key interest rate four times.

The Bond Fund of 100% bonds performed well in 2018 with the underlying holdings having an aggregated effective maturity of 1.8 years versus the benchmark's 2.8 years. This means that the Fund’s bonds can be reinvested at higher interest rates in 1.8 years versus having to wait 2.8 years to benefit from a rising interest rate environment. In addition, the Fund’s bonds are investment grade for the purposes of capital protection and hence insulated from the volatilities in the emerging market debt and high yield bond markets. Emerging market debt was adversely affected by potential trade tariffs and a stronger U.S. Dollar over the year and high yield debt was negatively impacted by concerns over a global economic slowdown that increases the bankruptcy risk of lower quality credit.

Current Challenges:

- Extreme political polarization (as evident by the current government shutdown) in the United States that can add to market uncertainties and also become a drag on the economy.
- Renewed headline risks for the healthcare sector after the Democratic party took Congressional control and may issue unfavorable rhetoric towards the pharmaceuticals industry (i.e. criticize high drug prices).
- Company earnings that have been revised downward- indicating a slowdown in economic activity.

Current Opportunities:

- Emerging markets that have been sold off may turn the corner as central banks across the world become less hawkish against inflation and more supportive towards economic growth.
- Global trade conflicts may conclude with the United States President making a deal with his counterpart in China.
- China rolls out policies to revive its economy from a soft landing that would help boost global GDP growth.
- The current credit cycle remains intact despite wider credit spreads and corrections in the leveraged loan market.

Please refer to the UMFF Q4 2018 Fund Fact pages, which are provided separately, for portfolio performance, sector allocation and other characteristics of each Fund.