The most recent six-month period has been unusually volatile, yet the overall outcomes were quite good for 2019, year to date. The current economic forecasts have been mixed as to future direction and magnitude of performance. Corporate earnings that were especially excellent for many firms in 2017 and 2018 are now experiencing growth rates that are trending downward. There is an expectation by many that interest rates, which were being raised in 2017 and 2018, would be eased during this year, a change that would be short-term positive for the economy. Interest rates have become unusually flat, with short-term and long-term rates having little differentiation. There have been a few periods of time where the interest rate curve, which is typically upward sloping, has been inverted (the short-term rate was higher than a comparable investment in a similar long-term bond). We continue to maintain significant flexibility by laddering bond purchases over a range of years.

The current deficit and trends in the federal budget are, in our view, not sustainable for the long term. Deficit spending in the short term helps the economy; in the longer term, as "bills become due" and repayment of prior spending needs to be made, such situations are quite harmful to our future economy. This is analogous to a family that took on huge debts over time and now needs to reduce their current spending in order to direct their assets to pay off mortgages, student and personal loans, etc. A similar reduction in the level of current government spending that the nation has been accustomed to would directionally be negative for the economy overall. Should the vast government deficits continue over time, there is a risk of higher interest rates and inflation, which would substantially increase the existing deficit.

We face, as a country, many current challenges and need to set a vision to establish clear priorities. With a national election in November 2020 and a severe division of views, with little interest in Washington DC for Congress and the President to work together for the common good, the extreme levels of gridlock are more than likely to continue. However, while we foresee potentially major fiscal issues in the longer term, we believe that the economy is presently strong for the short and medium term. Situations can easily change and we want to be agile as we do our best to effectively manage through these complicated set of conditions. .

THE FUNDS

The Diversified Equity Fund, the 100% stock Fund, underperformed its benchmark only slightly during this past quarter as the large cap internet service providers (core members of FAANG stocks - often referred to as "momentum" stocks) reached their year to date high in April and then had less of a contribution to the market upside (anti-trust issues) during the last two months of 2Q 2019. As a result of our valuation-tilted approach we continued to be underweight of such stocks with high valuation and lack of attractive risk/return profile. Also as a result of our investment style tilt, and our stringent selection criteria, the rest of underperformance is caused by our underweight in the Financial Sectors, which experienced strong results in Q2.

The Fund's most overweighed sector is in the Healthcare Sector, followed by slight overweight in the Consumer Staple and Utilities Sector given a combination of favorable long-term trends as well as our considerations for the phases of current business cycles. Historically, the Healthcare Sector was one of the sectors with the most consistent and significant relative strength to the broad market during late business cycles, but it lagged the market in the past quarter, as a result of negative policy headlines. As we have stressed previously, the broad based selling off of the sector is not factoring in company specific fundamentals, and consequently our strong stock selection in the Healthcare sector has been a positive effect to the fund's relative performance to the Benchmark despite the sector's weakness. Compared to the benchmark, the Fund is slightly overweighting small capitalization stocks as our team believes there are market inefficiencies within this asset class to take advantage of through bottom-up analysis.

The Growth & Income Fund, offers a mix of half equities and half fixed income securities. The Fund performed below its benchmark in 2Q 2019 due to the intentional avoidance of "expensive" momentum based stocks (similar to the Diversified Equity Fund strategy above) and underweighted highly cyclical sectors. Regarding the Fund's fixed income holdings, our strategic overweight in shorter duration bonds detracted from relative benchmark performance as they appreciated less in a lower interest rate environment compared to longer duration bonds. The bond market is driven by expectations for the Fed to initiate its rate cutting cycles amid synchronized global growth slowdown.

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. With the Fund's fixed income holdings our strategic overweight in shorter duration bonds detracted from relative benchmark performance as they appreciated less in a lower interest rate environment compared to longer duration bonds. The bond market is driven by expectations for the Fed to initiate its rate cutting cycles amid synchronized global growth slowdown.

The Bond Fund of 100% bonds has underlying holdings having an aggregated effective duration of 1.6 years versus the benchmark's 2.8 years; the shorter duration provides protection in an increasing interest rate environment, but a detraction versus the benchmark in lowering rate environments. However, the Fund has a higher yield to maturity than the benchmark. We strategically maintain investment grade bonds for the purposes of capital protection and hence avoid the volatilities often found in the emerging market debt and high yield bond markets.

Current Challenges:

- Extreme political polarization 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 from unfavorable rhetoric towards the healthcare industry.
- Companies issue earnings outlook that is below investors' expectation.
- Both the fixed income market and equity market are pricing in very low odds of increased inflation and volatility, and hence are prone to negative surprises.
- Global trade conflicts persist longer than expected as protectionism thrives amid global growth slowdown.

Current Opportunities

- China is expected to roll 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 Q2 2019 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