The U.S. economy has been and continues to be quite strong. Unemployment is very low historically, presently at its lowest levels in almost 60 years. Interest rates are also extremely low which is economically accommodating. After a sharp downward movement in the equity markets during the fourth quarter of 2018, the markets rallied greatly in the first quarter of 2019, with another rally in the recent fourth quarter as well. During much of this recent rally, "Momentum" stocks benefitted substantially. Led by these issues (i.e. Facebook, Apple, Amazon, Netflix, Google, Microsoft, and others), the S&P 500 was up 31.48% (dividends re-invested) in 2019, with most Indices reflecting excellent results.

We are in the 11th year of major and strong stock market performance. This period is of unusually long duration. We have sold, and will continue to sell, stocks when, in our view, they reach full valuation. We expect a bright future for infrastructure stocks as massive Government programs are expected, both in the current environment and also later with counter-cyclical increases when the economy cycles through a somewhat weaker environment.

Even with political proposals that attempt to reduce costs, significant health care expenditures are likely, due to an overall aging population, new and exciting medical innovations, more Americans being covered by health insurance, and a growth in global demand. We also believe that innovations in technology are part of our domestic talents and culture. As a result, we are selectively acquiring a number of technology stocks which we feel are undervalued currently.

There are many potential indicators for future economic trends and a combination of low unemployment rates and low interest rates have been very favorable for the economy. We believe that the entrepreneurial talents and history of our country will continue to provide good long-term investment potential for selective value-based investments.

THE FUNDS

The Diversified Equity Fund, the 100% stock Fund, slightly underperformed its benchmark during this past quarter as the overall stock market shot upwards following news of the Phase One deal between the United States and China. Risk-on stocks with higher volatility outperformed the less volatile stocks given the strong bull market dynamics. Overall, the benchmark Russell 3000 was up a remarkable 9.1% in the quarter, concluding a very strong year of plus 31%. Part of the strong yearly performance came from a first quarter bounce following a 2018 fourth quarter dip in the market where recessionary fears were prevalent. The continuation of a strong stock market throughout the year came from these economic fears abating, an accommodating Federal Reserve Bank, fiscal stimulus from the federal government as it spends several hundred billion dollars more than it collects, improved verbiage regarding the trade war with China, and improved leading indicators with a normalization of the yield curve.

In the Diversified Equity Fund, we added technology stock exposure and trimmed our exposure to the consumer discretionary sector, in line with our valuation approach. We focused on technology stocks that offer value within software analytics and have recurring revenues that are growing. We gained exposure to the 4th industrial revolution as companies use the new technologies of machine learning and artificial intelligence to provide data-driven actions. Given our valuation sensitivity, we trimmed some stocks we viewed had reached their price points.

The Growth & Income Fund, offers a mix of half equities and half fixed income securities. The Fund increased 4.8% in the last quarter of 2019, in line with its benchmark. On the equity side, we are overweight in the Healthcare sector due to favorable long-term demographic trends. All of our Healthcare stocks made positive contributions in the quarter as political rhetoric against "big pharma" lessened with detail-focused plans released. On the fixed income side, we are short duration mitigating interest rate risks. Ninety four percent of the fund's fixed income holdings is in investment grade corporate bonds, giving us slightly higher yields compared to the government bonds which make up the other six percent.

The Balanced Income Fund offers a mix of 30-40% equities and 60-70% fixed income securities and increased 3.0% in the last quarter of 2019 compared to the blended benchmark increase of 3.1%. On the equity side, we added value oriented technology exposure while trimming consumer discretionary exposure for the same reasons given in the Diversified Equity Fund. We also added animal health exposure as we see strong growth trends from worldwide pets and food animals. Our valuation discipline comes from discounting company future cash flows as well as comparing the current multiple to comparative companies. On the fixed income side, the fund was short duration giving up some yield compared to the benchmark in return for less interest rate risk. Most of the fixed income is in investment grade corporate bonds with the remainder in investment grade taxable municipal and federal government bonds.

The Bond Fund of 100% bonds' underlying holdings have an aggregated effective maturity of 1.4 years versus the benchmark's 2.8 years. In spite of this lower duration to the benchmark, the fund outperformed by 0.2% as the yields to maturity for selected securities were slightly higher. The purpose of this bond fund is for capital preservation as the volatility is much lower than the other funds with equity exposure, and the vast majority of the holdings in the fund are in investment grade corporate bonds with a maturity of less than three years. Last year the Federal Reserve Bank became more dovish against inflation with the "organic" growth of their balance sheet and a lowering of interest rates. We have stayed away from riskier segments within the fixed income sector including high yield and emerging market debt securities that are much more volatile and have higher correlations with equities in unfavorable scenarios (such as a recession or financial crises) than domestic investment grade bonds.

Current Challenges:

- Increased tensions in the Middle East following the death of Iranian General Soleimani as proxy groups may become violent in neighboring countries.
- Increased political rhetoric as we approach the National elections in November 2020 as candidates may appeal to their bases.
- A growing federal government deficit that economic theory suggests would eventually lead to higher borrowing costs. This would in turn be very unfavorable to the stock and bond market.
- High stock market multiples making value based securities more difficult to find.

Current Opportunities

- The signing of the Phase One deal between President Trump and his Chinese counterpart President Xi Jinping, mitigating fears of a trade war that would be a drag on global GDP.
- Unemployment in the United States at a historically low level of 3.5% that leads to increased consumer confidence and spending.
- A market accommodating Federal Reserve Bank that continues to purchase government debt and keep interest rates low.

Please refer to the UMFF Q4 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.