UMFF FUND OVERVIEW **as of MARCH 2020**

During this extraordinary time period, your safety and well-being are most important. We hope that you can and will do everything possible to get through these highly significant health challenges (and the dramatically different present "way of life"). The safety of our employees at John G. Ullman & Assoc., Inc., is a critically important priority, and we have developed and implemented plans to have a very limited number of people physically at our offices, with the significant majority of our employees working remotely, while continuing to provide our financial management services to you

The First Quarter 2020 will long be remembered for an exceptionally and historically sharp downward price movement, along with unprecedented market volatility. This is the fifth time since 1978 that we have faced an extremely negative set of conditions, which have had a dramatic effect on the stock and bond markets. This major "correction" was subsequent to what had been 12 years of an exceptionally strong period for equity markets. While the numbers will vary by sector, this large downward stock market movement would generally place many stocks close to levels reached in 2016, which were significantly higher than at the bottom in 2008.

Our strategy is based on the likelihood that the Coronavirus will unfortunately be a major factor for at least months (and possibly longer) into the future. A number of unprecedented financial packages from the federal government are and will be essential and will be made available to provide direct support for Americans – to companies to keep them from failing, reimbursements to state and local governments, and for health care costs. With these and other factors impacting investments, our investment strategy includes the following actions to maintain a highly disciplined overall investment management system with targeted levels of exposure:

- Increase concentrations of investment in Health Care and in certain segments of Technology.
- Subsequently increase concentrations of Infrastructure stocks, focused on construction of roads, bridges, tunnels, water, alternative energy, and other similar investments.
- Seek "oversold" potentials, particularly in the targeted sectors, and within the strategic guidelines, with significantly reduced investment levels.
- Review bond holdings regularly as corporations will be under stress for an extended time period.

While based more on historical outcome than specific science, our country remains the most innovative in the world. American ingenuity will likely find very novel and brilliant ways to develop techniques to reduce the impact from the Coronavirus until a vaccine becomes available. With what appears to be a government commitment of extreme (and needed) levels, we anticipate and believe that there will be excellent investment prospects for the future.

THE FUNDS

The Diversified Equity Fund, the 100% stock fund, slightly outperformed its benchmark during this past quarter but was still down 20.7% as the pandemic health crisis took its toll on the economy and stock market. Our overweight in the industrial sector with infrastructure investments hurt fund performance as cyclic stocks initially sold off. Although the healthcare sector has strong long-term fundamentals, it too sold off as the market correction was across the board and our overweight in this sector led to negative fund attribution. These negative impacts were offset with our underweights in the financial and consumer discretionary sectors. Financial stocks had steep price corrections as recession concerns increase the probability of loan defaults. Consumer discretionary companies are perhaps the most impacted by the social distancing rules as many retailers face the prospect of bankruptcy over the coming year with uncertain consumer spending. We have avoided investing in airlines, shopping malls and hotels due to unfavorable risk/reward scenarios. The speed of the economic shutdown drastically increased the volatility of equity asset classes. To mitigate this risk, we proactively sold, in a very disciplined manner, certain equities in the portfolio. We are currently positioned with high quality stocks that on aggregate have lower price multiples and higher dividend yield.

The Growth & Income Fund, offers a mix of half equities and half fixed income securities. Our equity investments in this fund were similar to the Diversified Equity fund with overweight in the healthcare and industrial sectors as well as underweight in the financial and consumer discretionary sectors. With disciplined reduction in certain equities, this tactical positioning led to an overweight of fixed income (including cash) and an underweight in equity. On the fixed income side, the bonds provided protection from the equity sell-off and we have shorter duration than the index as we are concerned with inflationary risk.

The Balanced Income Fund has a long term target of 30% equities and 70% fixed income securities but was tactically positioned at 75% fixed income (including cash) and 25% equities. The reduction in equities mitigates the far higher than normal volatility in this asset class as the volatility index (VIX) reached record highs. On the equity side, industrial exposure hurt performance while a lack of consumer discretionary securities benefited performance. Our value focus led to investments in securities with lower price to earnings and higher dividend on aggregate than the index. On the fixed income side, we are focused on investment grade bonds with short duration. The shorter duration gives us a more protective position in a relatively safe asset class.

The Bond Fund of 100% bonds' underlying holdings are predominately very high grade corporate bonds and a smaller commitment to government bonds with an aggregated effective maturity of 1.6 years versus the benchmark's 2.9 years. In March, the fixed income market experienced two opposite responses to the crisis. Corporate bonds were rapidly sold for liquidity needs, and to reduce positions in less creditworthy issuers while government bonds were sought after as safe havens. The Merrill Lynch 1-3 year US Corporate Bond index was down 1.7% for Q1 and the Merrill Lynch 1-3 year US Treasury Bond index was up 2.8% for Q1, a swing of over 4.5%. As the Federal Reserve purchases large amount of bonds ranging from treasuries to even high yield corporate debt, the bond market will be propped up with artificially low yields. If inflation picks up due to the increased money supply, the Federal Reserve would be forced to rethink its economic supporting monetary policy that may lead to higher interest rates and a negative surprise to the bond market. Short duration bonds would perform better in this scenario than their longer counterparts as there is less time commitment and corresponding risk.

Current Challenges:

- COVID-19 lasting longer than current expectations, prolonging the economic damage.
- Increased volatility as there are very large forces pulling the markets in different directions with the government stimulus support being offset with the unsettling health crisis news.
- The spike in unemployment with record amounts of people filing for unemployment insurance adds to the uncertainty in the economy and forward looking markets.

Current Opportunities

- The federal government has safeguarded the economy by providing Economic Injury Disaster Loans as well as Paycheck Protection Program loans that will support small business and the economic engine.
- Interest rates, although volatile, are very low and help to increase economic activity.

Please refer to the UMFF Q1 2020 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.