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Greetings,

As of the end of the 1st quarter of 2023, net of fees, the returns of the fund models are:

As of 3/31/2023	1st Qtr 2023	Year to Date	Last 1 Year†	Last 3 Years†	Last 5 Years†	Last 10 Years†
Aggressive Fund	**7.46%**	**7.46%**	**-3.96%**	**14.68%**	**8.16%**	**7.72%**
Agg. Climate	8.78%	8.78%	-5.68%	n/a	n/a	n/a
benchmark*	6.75%	6.75%	-4.95%	14.43%	7.35%	7.82%
Moderate Fund	**5.65%**	**5.65%**	**-3.51%**	**9.55%**	**6.13%**	**5.79%**
Mod. Climate	6.49%	6.49%	-4.25%	8.16%	n/a	n/a
benchmark*	5.38%	5.38%	-3.77%	9.76%	5.78%	6.14%
Conservative Fund	**4.05%**	**4.05%**	**-2.53%**	**4.43%**	**3.69%**	**3.57%**
Con. Climate	4.41%	4.41%	-3.06%	3.70%	n/a	n/a
benchmark*	4.04%	4.04%	-2.60%	4.75%	3.81%	4.24%

*"Benchmark" is a blend of benchmarks for the fund's underlying portfolios of stocks and fixed income, relative to the portfolio allocations within the fund's model. †Rates of return (1+ years) are annualized. See the monthly performance reports online: https://umfnic.org/investment-performance-reports/

Market Commentary from Envestnet | PMC

Brandon Thomas, Co-Founder and Chief Investment Officer, Envestnet, concluded their "Economic and Market Overview: First Quarter 2023" report with the following observations and commentary:

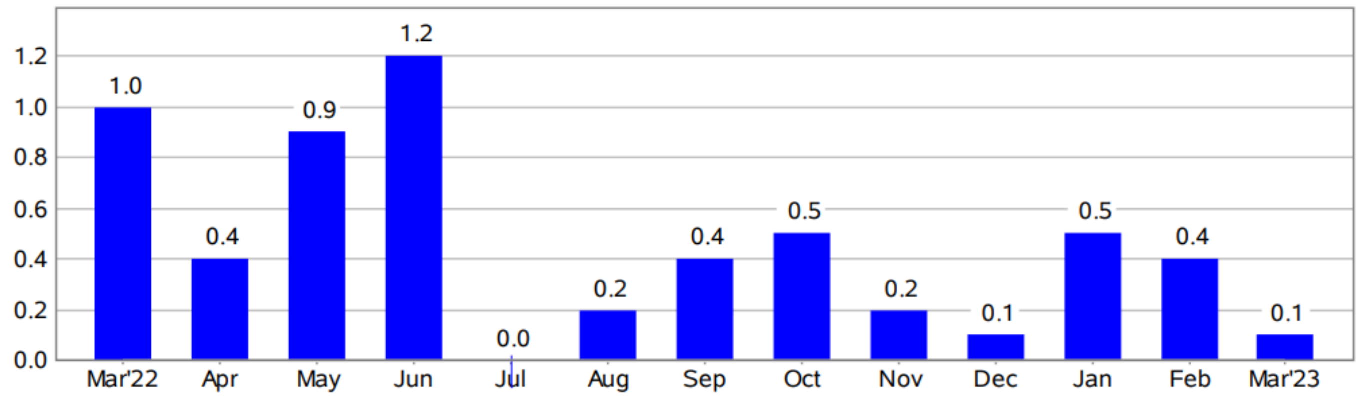
> "The global economy continued to recover during the quarter following a shaky first half of 2022. Inflation remains persistently and painfully high, but the rate of inflation has eased a bit since the FOMC instituted the most aggressive program of interest rate increases in 40 years. The employment situation remains strong, with employers confounding analyst expectations of hiring. Such strong job gains can often lead to wage inflation pressures, but those have not yet been manifested in the data, giving economists some hope that a recession can be averted in 2023. In addition, FOMC policymakers expect that the fed funds rate will not need to be raised much more, as they estimate the rate will end 2023 at 5.1%. The banking crisis that was sparked by depositors withdrawing funds from Silicon Valley Bank (SVB) seems to have been contained without additional further negative repercussions, perhaps due to the idiosyncratic nature of SVB's business. Investors will be paying close attention to the debt-ceiling discussions over the next several weeks, and will also begin to turn their attention to the political landscape, as presidential candidates throw their hat in the ring, and as anticipation grows for the first debates later in the summer. Geopolitical issues are sure to grab the attention of investors as well, as relations between Russia and China (as well as Russia and Iran) warm, and those between the US and almost everyone else cools. In the end, analysts will be focused on fundamentals, and particularly expectations thereof. Stock prices are driven by earnings, and

despite the negative reports across multiple fronts over the past couple of years, it seems quite possible that stock prices may have discounted the bad news."[1]

"the rate of inflation has eased a bit"

On April 12 the Bureau of Labor Statistics announced March 2023 year-over-year inflation: "Over the last 12 months, the all items index increased **5.0 percent** before seasonal adjustment." Year-over-year inflation peaked June 2022 at 9.1 percent. The month-to-month rates of increase tell the story of the declining year-over-year rate:

Chart 1. One-month percent change in CPI for All Urban Consumers (CPI-U), seasonally adjusted, Mar. 2022 - Mar. 2023
Percent change



Source: https://www.bls.gov/news.release/pdf/cpi.pdf

Since the June 2022 peak, the average month-to-month rate of increase has been 0.267% for the last nine months. At that monthly rate, year-over-year inflation would be 3%, much closer to the Fed's 2% target rate.

"debt-ceiling discussions"

The House Republicans passed a bill by the narrowest margin with a debt ceiling raise that may cover one more year of funding federal spending, but the bill ties steep budget cuts to the debt ceiling increase, which President Biden views as a non-starter to possible compromise. Should the Treasury exhaust its "extraordinary measures," it is unlikely the federal government will actually default on paying its creditors … at least in the short-term. Rather, the government will not pay other bills. Some people think the Executive Branch could invoke an unprecedented interpretation of Section 4 of the 14th Amendment and simply ignore the debt ceiling law because it is trumped by the Constitution: "The validity of the public debt of the United States ... shall not be questioned." This is unlikely. Hopefully, Congress will make a deal and get it to the president's desk before we enter uncharted waters, which could be tumultuous.

"it seems quite possible that stock prices may have discounted the bad news"

Morningstar currently places the universe of stocks they evaluate at an 8% discount to fair market value, and small cap stocks are at 20% discount to fair market value.[2] Often rising valuations in small cap stocks lead the next bull market. Year-to-date, the Russell 2000, an index of small cap stocks, is essentially where it started the year, well below the performance of the S&P 500, which is up 8%, and the Nasdaq, which is up 16%.

As investors seek attractive valuations, bargains may be found in small cap stocks, especially in anticipation of rebounding economic activity in which more nimble, smaller companies can thrive. In the current environment, with rising interest rates, however, it is harder for smaller companies to get loans to grow, so large companies with more resources appear as more stable investment opportunities. In early February of this year, small cap stocks were outperforming the S&P 500 from the mid-October 2022 lows, which encouraged several market commentators to announce how small cap stocks are leading the next bull market. Well, the next three months saw a reversal in the fortunes of small cap stocks.

Given the gap between valuations in small cap stocks and the broader market, this may be an indicator the market is consolidating after recent volatility during the pandemic and uncertainty regarding global affairs. At some point, like water finds the path of least resistance, money will eventually find small cap stocks more attractive. If and when we see small cap stocks increase in price at a faster rate compared to the broader market, that could be an indicator the overall market is looking to climb the ladder higher in the next bull market.

Occasionally we are asked by clients, “What is the Foundation doing to anticipate [fill in the blank concern du jour].” The answer to most forms of this question is “we stick to our knitting” through broad diversification while adhering to the benchmarks. Admittedly, it’s not exciting. So-called tactical strategies in the short-term may or may not work out, but in the long-run “active” investment strategies mostly underperform “passive” strategies.

Jesus was skeptical of folks who looked for “signs and wonders.” To paraphrase Jesus, “Tomorrow will take care of itself.” This bit of wisdom does not mean “do nothing” and “be” passive. In the context of investing, I think it means trust the bigger picture, trust that you, that we, are not in control and that, perhaps, *because* we are not in control, we can and should follow proven strategies for long-term success while reducing stress and anxiety as much as possible.

Respectfully,

Chris Walters

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[1] https://www.investpmc.com/sites/default/files/documents/PMC_QuarterlyMarketEnvironment.pdf

[2] https://www.morningstar.com/market-fair-value