



October 14, 2016

Dear Partners in Ministry,

Enclosed is the 2016 3rd quarter statement for your account(s) at the United Methodist Foundation of Northern Illinois. Net of all fees, the returns of the three fund models are:

	3 rd Qtr 2016	Year to Date	Last 1 Year [†]	Last 3 Years [†]	Last 5 Years [†]	Inception to Date [†]
Aggressive Fund	4.30%	8.32%	12.11%	3.95%	7.92%	3.52%
benchmark	4.58%	6.48%	10.94%	5.01%	9.62%	4.57%
Moderate Fund	3.08%	6.33%	9.09%	3.41%	6.21%	4.11%
benchmark	3.36%	6.28%	9.25%	4.72%	7.86%	4.43%
Conservative Fund	1.73%	4.63%	6.38%	2.98%	5.16%	4.77%
benchmark	2.15%	6.08%	7.56%	4.43%	5.97%	4.57%

[†]The rates of return in these columns are annualized.

Inception dates are: Aggressive Fund: 7/30/08; Moderate Fund: 6/29/08; Conservative Fund: 7/1/08

Market Outlook from Investnet | PMC

The U.S. stock market experienced one of the most “peaceful” summers in the last decade, according to Tim Clift, Chief Investment Strategist, who recently wrote: “During the two-month span from July 8 to Sept. 8, there was not a single day that the S&P 500 closed more than 1% higher or lower than the previous day’s close.” U.S. stocks remain near historic highs and the “consensus view regarding the market’s valuation right now is that U.S. stocks overall are fairly or fully valued, but not grossly so.”¹

Brandon Thomas, Chief Investment Officer, wrote the following paragraph to conclude his “Economic and Market Overview: Third Quarter 2016:”

“On balance, there are many reasons to be optimistic about the domestic economy, including improving job growth, a sustained recovery in housing, very strong vehicle sales, and high levels of consumer confidence. In addition, households have taken advantage of years of low interest rates to lock in low mortgage payments and still maintain an adequate level of savings. Many economists believe that employers will continue to add about 180,000-200,000 jobs per month into 2017, and that the unemployment rate will trend back down to 4.7%. And while the FOMC is likely to resume raising interest rates again by the end of the year, the prospect of the hike has been clearly signaled, and seems to have been digested by the markets. The impact of the U.S. presidential election on the markets is a wild card, but markets are an excellent discounting mechanism,



meaning any dislocation occurring as a result of the outcome may be short-lived, much like Brexit's impact. There are certainly other ongoing risks, such as the threat of terrorist activity and unforeseen setbacks in either the domestic or global recoveries, but the consensus among economists is that an end to the economic recovery is not yet on the horizon."²

Encouragement for the Body of Christ

"My brothers and sisters, think of the various tests you encounter as occasions for joy. After all, you know that the testing of your faith produces endurance. Let this endurance complete its work so that you may be fully mature, complete, and lacking in nothing." - James 1:2-4 (CEB)

There is a well-known saying of Benjamin Graham (1894-1976), the "father" of value investing: "In the short run, the market is a voting machine, but in the long run it is a weighing machine." Like the election season that we are in, with its ceaseless polls reported by the media, the market consists of buyers and sellers daily voicing "opinions" on the "popularity" of individual stocks. However, "in the long run [the market] is a weighing machine," measuring the substance of a company's ability to sustain profits and growth.

So, too, we as the body of Christ need to keep this perspective in mind, that short-term uncertainty and (un)popularity, such as with the outcome of an election, should not disrupt our endurance in faith because it is through endurance that our spiritual maturity is formed. And it is by our spiritual maturity that we will be "weighed" by the world to determine if we, the church, are living with saving faith, the "substance of things hoped for, the evidence of things not seen." - Hebrews 11:1 (KJV).

Thank you, and may God bless you, your church, and your ministries.

Respectfully,



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(If you have not yet completed the investment agreement, please download it (umfnic.org, Resources, Investment Documents, [Investment Management Agreement](#)), fill it out, and mail the original to the Foundation office. The Foundation must have this agreement on file to execute withdrawal requests. It is a best practice to review at least annually the objectives of your funds and to review your allocations. If you would like to adjust your allocations, please complete "Appendix A" of the PDF referenced above), sign anywhere on that page, and send it to the Foundation office.)

¹ <http://www.marketwatch.com/story/us-stock-markets-complacency-is-about-to-end-2016-10-06>

² <http://www.investpmc.com/insights/commentaries/economic-and-market-overview-third-quarter-2016>

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