



April 17, 2017

Dear Partners in Ministry,

Enclosed is the 2017 1st 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:

	1 st Qtr 2017	Year to Date	Last 1 Year [†]	Last 3 Years [†]	Last 5 Years [†]	Inception to Date [†]
Aggressive Fund	4.82%	4.82%	15.09%	4.28%	6.31%	4.24%
benchmark	5.99%	5.99%	12.85%	4.73%	7.56%	5.08%
Moderate Fund	3.47%	3.47%	10.55%	3.24%	4.75%	4.49%
benchmark	4.47%	4.47%	9.20%	4.13%	6.13%	4.64%
Conservative Fund	2.36%	2.36%	5.70%	2.45%	3.82%	4.79%
benchmark	2.95%	2.95%	5.55%	3.54%	4.61%	4.46%

[†]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

I hope this letter finds you renewed in your Easter faith and refreshed by the warming spring weather. This is a season of the year that often evokes change and starting anew, such as the phrase “spring cleaning.” There is another well-known phrase, evoking the “clean slate” mentality, related to the stock market, which is “sell in May and go away.” Experts have backtested investing in stocks according to this aphorism, and the results are inconclusive regarding increased returns. With institutional funds, such as with churches, it is imperative to separate one’s own individual investing predilections and folk wisdom from the administration of institutional funds.

Market Commentary from Investnet | PMC

Another misapplication of “wisdom” can be simply looking at the stock market charts and inferring, for example, that the markets are due for a major decline because “we’re at all-time highs.” Writing for March’s “The Investnet Edge,” Zachary Karabell, Head of Global Strategies, Investnet, Inc., examined and compared the current “bull” market cycle we have been in since the crash 2008-09 to previous “bull” markets and questioned the wisdom of trying to determine if this bull is running out of steam; he even questioned the wisdom of applying labels, such as “bull” and “bear:”

“How can we resolve our need to understand where we are in a cycle and the fact that we rarely get the cycle right while it is happening? One tact would be to allow for probabilities. That suggests that rather than just slapping on a label of ‘bull’ or ‘bear,’ we would accept as a given that knowing precisely where we are in a cycle is challenging, and



we should consider multiple possibilities, which might then be ranked in order of likelihood.”

“The best course, therefore, is to eschew ‘bull’ and ‘bear’ as short-term cyclical markers and reserve them only for longer secular trends, with the full humility and awareness that it is almost impossible to be clear except in retrospect. We now have 17 years of information about equities peaking in 2000, plunging in 2002, peaking in 2007-2008, plunging in 2009, and peaking again after 2013. That looks more like a secular bear market that only recently ended, meaning that if we are indeed in a secular bull market, it is far from old and far from spent. Whether or not we are indeed at the beginning of a robust bull market period is another story, but don’t let facile use of misleading markers cloud what is always a devilishly tricky analysis.”

Mr. Karabell concluded his article by writing: “Maintaining asset allocation and resisting the impulse for misleading and simplistic demarcations may be a more prudent strategy.”¹

Encouragement for the Body of Christ

“Stop collecting treasures for your own benefit on earth, where moth and rust eat them and where thieves break in and steal them. Instead, collect treasures for yourselves in heaven, where moth and rust don’t eat them and where thieves don’t break in and steal them.” - Matthew 6:19-20 (CEB)

The Uniform Prudent Management of Institutional Funds Act became Illinois law June 30, 2009. Illinois is one of 49 states to adopt UPMIFA. With the word “prudent” at the heart of the law, we may ask ourselves what this words means? Pope Emeritus Benedict XVI once preached that “prudence demands humble, disciplined and vigilant reason that does not allow itself to be dazzled by prejudices; does not judge according to desires and passions, but seeks the truth—even uncomfortable truth.”

Jesus’s words in Matthew 6:19-20 could not express prudence more concisely. Earthly treasures are materially-based and often are “dazzling” and full of “prejudices.” Heavenly treasures result from incorruptible virtues, such as prudence and others like charity, patience, and humility.

May you boldly and prudently follow Jesus this Eastertide season and become more like him.

Respectfully,



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¹ <http://www.investpmc.com/insights/commentaries/envestnet-edge-march-2017>

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