

Weathering the Storms of Market Volatility

Responding to and overcoming the “reactive brain”

April 1, 2020

3:00 PM



Today's Presenters

Rev. Chris Walters

President & CEO

United Methodist Foundation of the
Northern Illinois Conference, Inc.



James Lumberg

Co-Founder, Executive Vice President
Investnet Wealth Solutions Team



Storms Are a Natural Part of Life

According to National Geographic:

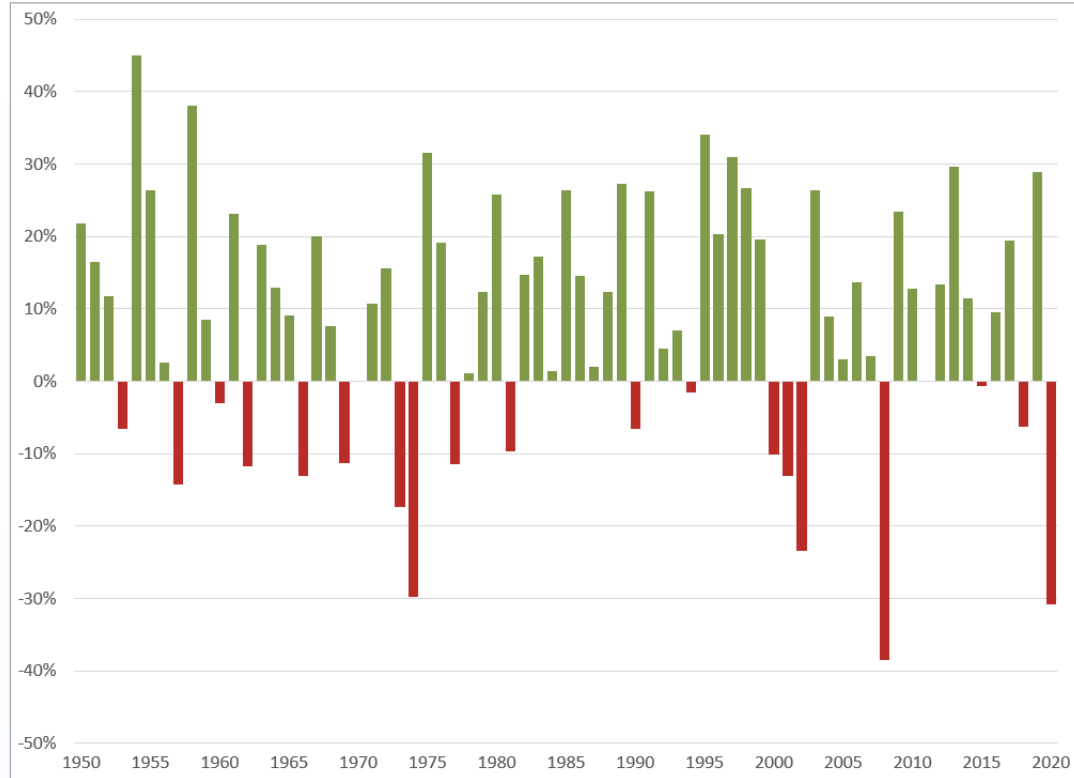
- “Lightning strikes the earth’s surface about 100 times every second”
- “Each bolt can contain up to one billion volts of electricity”
- “An electrical current flows ... down the channel towards earth and a visible flash of lightning streaks upward at some 200,000,000 mph”
- “About 2,000 people are killed worldwide by lightning each year”
- “Hundreds more survive strikes but suffer from a variety of lasting symptoms”
- “The average American has about a 1 in 5,000 chance of being struck by lightning during a lifetime.”

source: <https://www.nationalgeographic.com/environment/natural-disasters/lightning/>



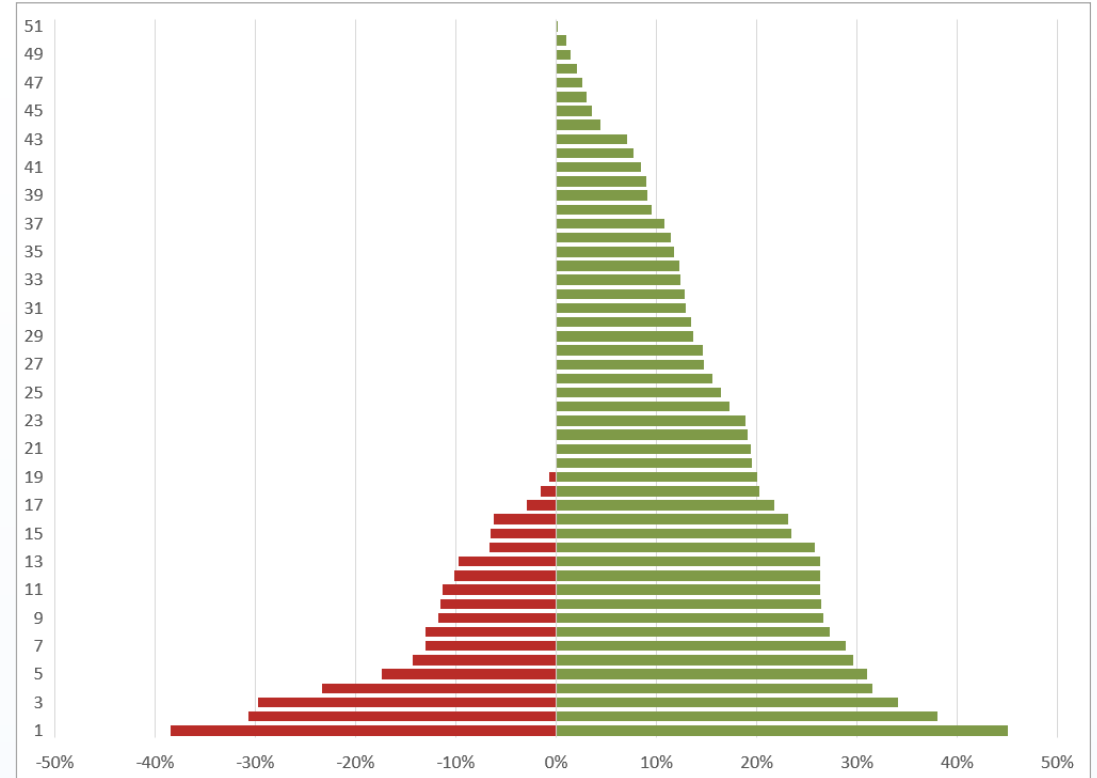
Market Volatility in Perspective

S&P 500 Annual Returns from Jan. 1, 1950 - Mar. 20, 2020



data source: www.macrotrends.net

S&P 500 Annual Returns from Jan. 1, 1950 - Mar. 20, 2020



data source: www.macrotrends.net



Focus on Expert and Trusted Sources



“When I was a boy and I would see scary things in the news, my mother would say to me, ‘Look for the helpers. You will always find people who are helping.’”

- Mister Fred Rogers

“When it comes to investing, there’s a world of difference between good advice and advice that sounds good. Investing is simply the struggle for self-control ... Successful investing is about controlling the controllable. You can’t control what the market does, but you can control what you do in response.”

- Jason Zweig

JasonZweig.com

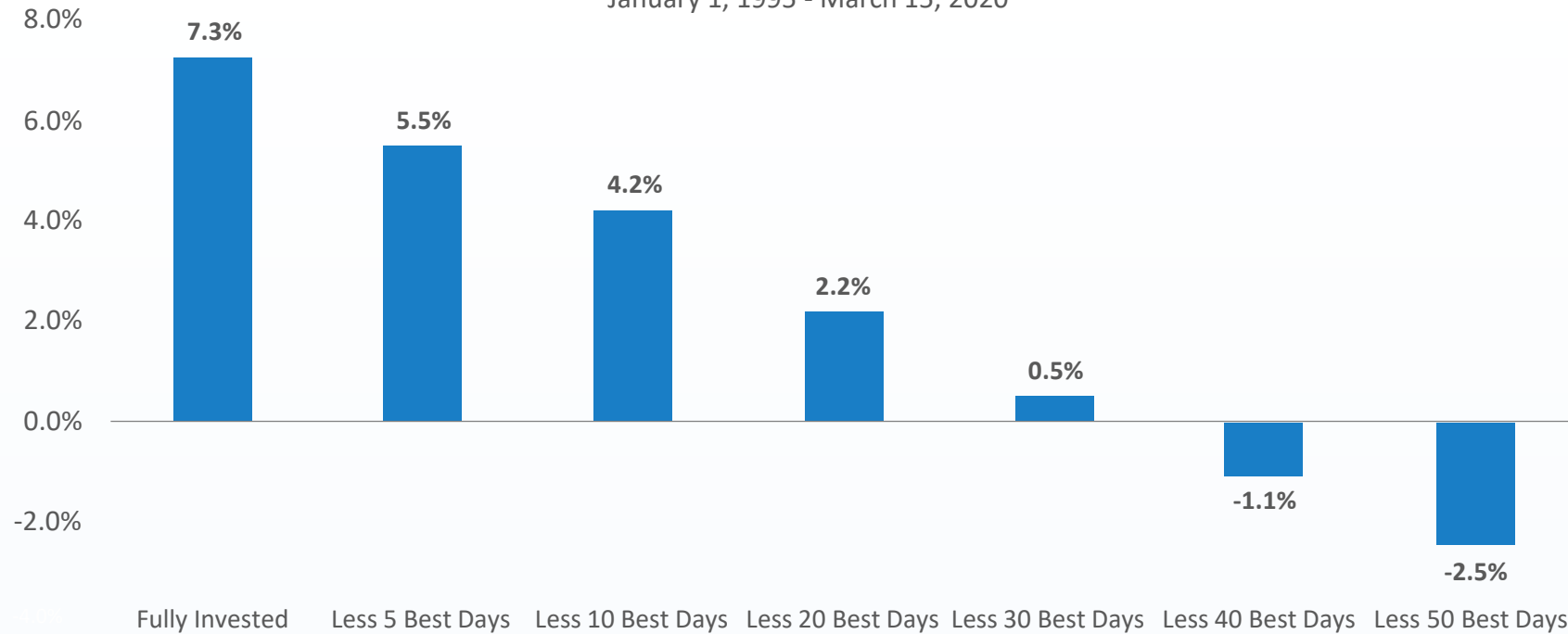
Mr. Zweig is a journalist, personal finance columnist, and author of several well-researched and insightful books about the principles of healthy investing.



Focus on the Long-Term

S&P 500 Compound Annual Growth Rate

January 1, 1995 - March 15, 2020



Source: Strategas. Investment Strategy Report March 16, 2020

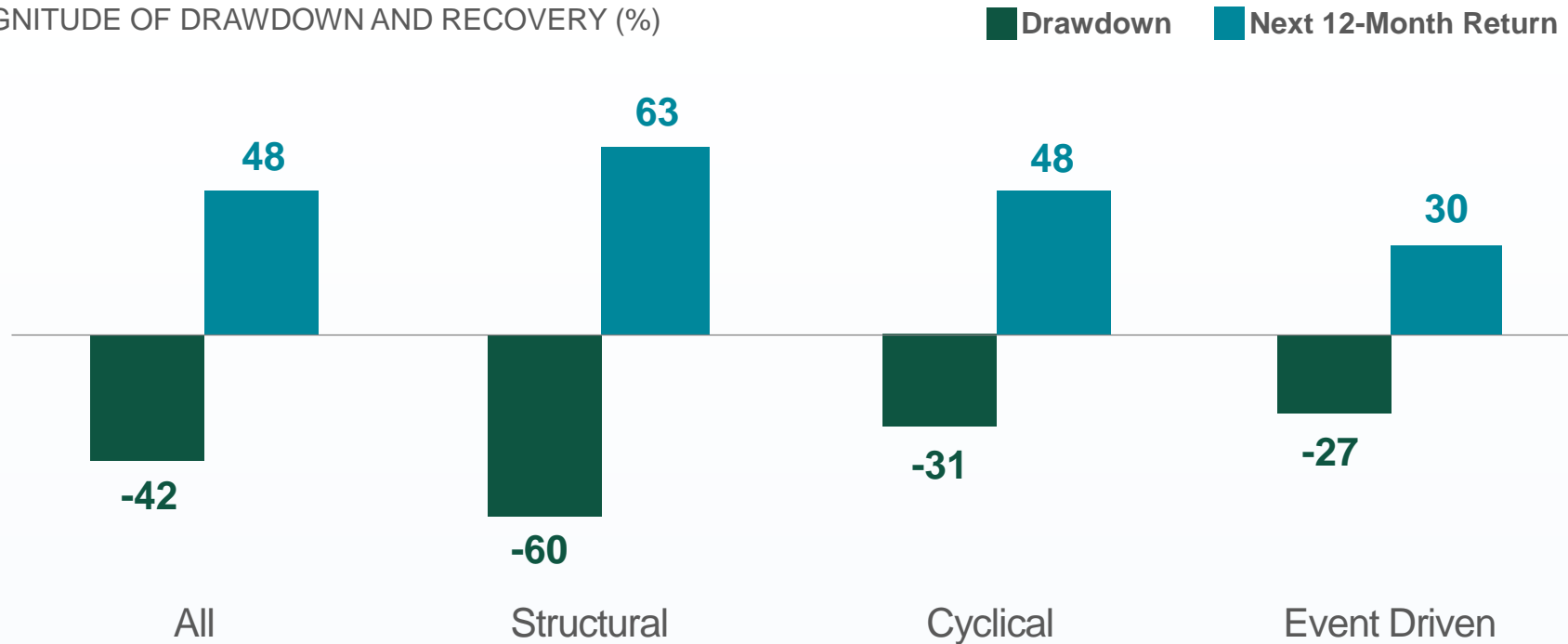
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Focus on the Long-Term

Event-Driven Bear Markets Are Short, But Still Pack a Punch

MAGNITUDE OF DRAWDOWN AND RECOVERY (%)



Source: Northern Trust Asset Management, Bloomberg, GS Portfolio Strategy Research. Next 12-month return denotes one-year return from trough. Averages shown for all S&P 500 bear markets from 1/1/1927 – 2/18/2020 using price returns. Bear market defined as 20% or greater decline from recent peak. Months rounded to nearest whole number. Past performance does not guarantee future results.

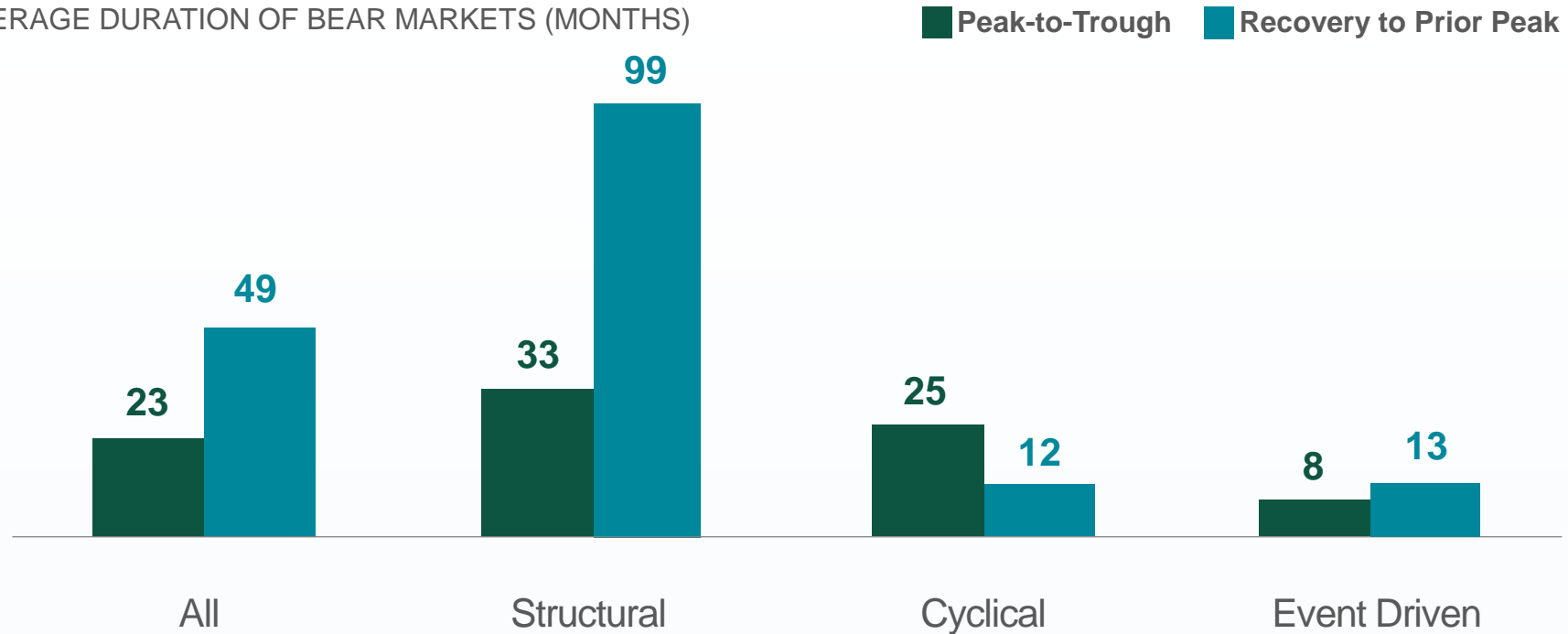
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Focus on the Long-Term

Bear Market Analysis

AVERAGE DURATION OF BEAR MARKETS (MONTHS)



Source: Northern Trust Asset Management, Bloomberg, GS Portfolio Strategy Research. Next 12-month return denotes one-year return from trough. Averages shown for all S&P 500 bear markets from 1/1/1927 – 2/18/2020 using price returns. Bear market defined as 20% or greater decline from recent peak. Months rounded to nearest whole number. Past performance does not guarantee future results.

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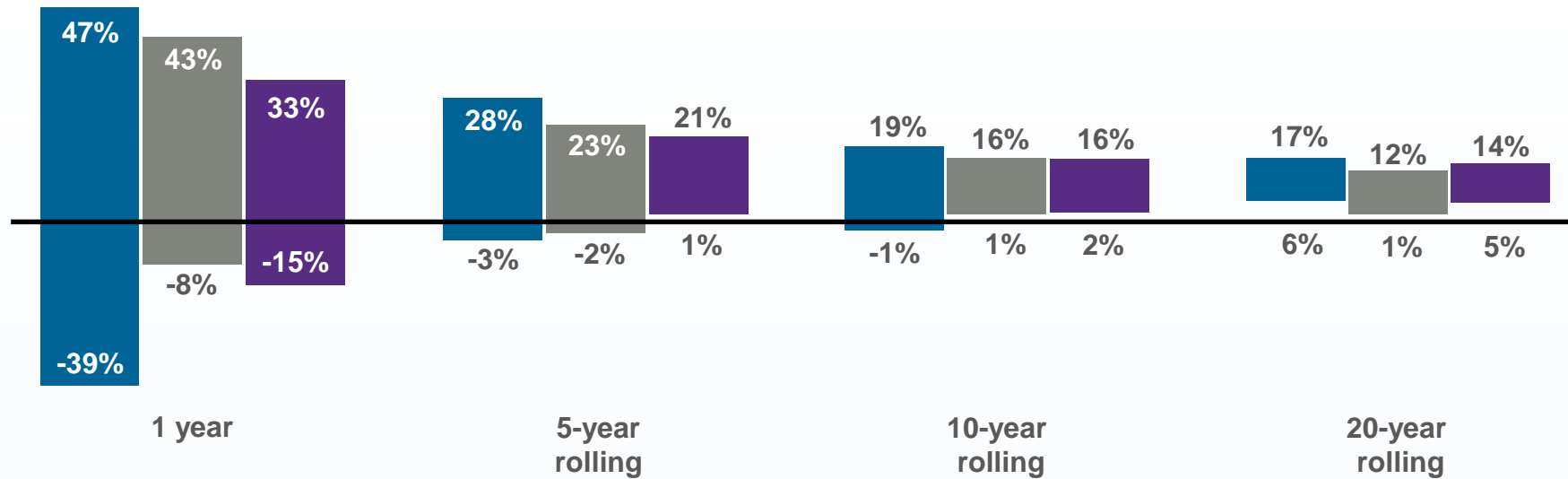


Diversify to Weather the Storms

Range of stock, bond, and blended total returns

Annual total returns, 1950-2019

Stocks Bonds 50/50



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Prudent Investment Management

Fixed Income ← DIVERSIFICATION → Equities (Stocks)

•Cash •International •Short-term •Intermediate •International •Small-Cap Core •Large-Cap Core



Bonds

Tom Johnson Intermediate Fixed Income Managed Account UMA	Intermediate Bond
Bloomberg Barclays Capital Intermediate U.S. Government/Credit TR	benchmark
Vanguard Short-Term Federal Adm	Short Bond
Bloomberg Barclays Capital 1-3 Govt/Credit Bond TR	benchmark
PIMCO International Bond (USD-Hdg) Instl	International Bond
Bloomberg Barclays Capital Gbl Agg Ex USD TR Hdg USD	benchmark

Stocks

Quantitative Portfolio: Impact Large Cap Core Portfolio - ESG	Large/Mid-Cap Core
Russell 1000 TR	benchmark
Quantitative Portfolio: Impact Small Cap Core Portfolio - ESG	Small-Cap Core
S&P Small Cap 600 TR	benchmark
Quantitative Portfolio: Impact International ADR Portfolio - ESG	Int'l Developed Mkts
BNYM Dev Mkt Classic ADR Ind	benchmark
Quantitative Portfolio: Impact Emerging Markets ADR Portfolio - ESG	Int'l Emerging Mkts
BNYM Emg Mkt Classic ADR Ind	benchmark



Performance as of March 31, 2020

Accounts ² / Benchmarks ³	Qtr to Date	Year to Date	Trailing ⁴ 1 Yr	Trailing ⁵ 3 Yrs	Trailing ⁶ 5 Yrs	Trailing ⁷ 10 Yrs
1. Aggressive Model 44034236	Incp : Jul 30, 2008					
<i>UMF - Aggressive Model</i>	-17.33 %	-17.33 %	-6.83 %	3.31 %	3.89 %	5.55 %
<i>Benchmark: UMF Aggressive Blended Benchmark ⁸</i>	-18.89	-18.89	-8.66	2.68	3.38	5.88
2. Moderate Model 37943656	Incp : Jun 29, 2008					
<i>UMF - Moderate Model</i>	-11.38	-11.38	-2.48	3.71	3.45	4.89
<i>Benchmark: UMF Moderate Blended Benchmark ⁹</i>	-12.92	-12.92	-3.62	3.53	3.55	5.47
3. Conservative Model 26071320	Incp : Jul 1, 2008					
<i>UMF - Conservative Model</i>	-5.25	-5.25	1.27	3.67	2.85	4.55
<i>Benchmark: UMF Conservative Blended Benchmark ¹⁰</i>	-6.44	-6.44	1.59	4.20	3.58	4.91

(For footnotes and full information, visit <https://umfnic.org/investment-performance-reports/>
for the monthly performance reports of the previous one year)



Questions and Answers

How accessible is the money we have invested?

Our standard procedure is to process contributions and withdrawals twice a month. As stated on the withdrawal form: “withdrawal requests received after the end of the month and by the 15th will be fulfilled by the end of the current month and that requests received after the 15th and by the end of the month will be fulfilled by the 15th of the subsequent month.” This form and others can be found on the Resources page of the website.

How frequently can we reallocate funds within an account or transfer funds to another account? Are there any fees to do this?

Reallocation and transfer requests are processed twice a month, as described in the previous answer. The Foundation does not charge transaction-based fees.



Questions and Answers

Will earnings / spending policy distributions still be distributed?

Yes, everything is operating per usual. We usually finish the month-end processes within the first few business days of the new month and send regularly scheduled distributions during that time and during the time of the mid-month process.

What has been Envestnet's investment strategy during this period of market volatility?

- Disciplined adherence to long-term portfolio objectives in adherence to UMFNIC investment policies.
- Portfolio rebalancing to maintain appropriate diversification and risk profiles.
- Monitoring investment manager performance and adherence to mandates.
- Increased communication and engagement with the Foundation's Investment Committee to provide insights and guidance.

