

April 20, 2021

Dear Partners in Ministry,

Enclosed is the 2021 1st quarter statement for your account(s) at the United Methodist Foundation (statements from 7/1/17 are accessible online). Net of fees, the returns of the fund models are:

As of 3/31/2021	1 st Qtr 2021	Year to Date	Last 1 Year [†]	Last 3 Years [†]	Last 5 Years [†]	Last 10 Years [†]
Aggressive Fund	4.03%	4.03%	47.75%	13.20%	13.41%	8.32%
Agg. Ex-Carbon benchmark*	3.78%	3.78%	n/a	n/a	n/a	n/a
	4.98%	4.98%	49.90%	12.57%	12.80%	8.90%
Moderate Fund	2.37%	2.37%	32.00%	10.56%	10.24%	6.60%
Mod. Ex-Carbon benchmark*	2.30%	2.30%	28.70%	n/a	n/a	n/a
	3.05%	3.05%	33.95%	10.30%	10.01%	7.42%
Conservative Fund	0.68%	0.68%	17.14%	7.23%	6.61%	5.16%
Con. Ex-Carbon benchmark*	0.66%	0.66%	15.14%	n/a	n/a	n/a
	0.89%	0.89%	18.41%	7.50%	6.93%	5.72%

*"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 Investnet | PMC

Brandon Thomas, Chief Investment Officer of Investnet | PMC, concluded their "Economic and Market Overview: First Quarter 2021" report with the following observations and commentary:

"The global economy continues to recover from the severe but brief recession brought on by the pandemic. While growth rebounded in the third quarter of 2020, it has been inconsistent since then. However, many economists are very optimistic on the prospects for the economy in 2021, primarily as a result of the improvement in vaccine rollout and distribution, and the enormous amount of fiscal and monetary stimulus that is now in the system. The consensus among economists is that the efficacy of the vaccine rollout is crucially important to the trajectory of the recovery. Even though the number of cases of the virus have declined throughout the world, economists are worried that new variants of the virus or hiccups in the vaccine rollout process could deliver a setback to the recovery. Congress' recent passage of the American Rescue Plan Act worth \$1.9 trillion is expected to provide a helpful boost to enable a more sustainable demand-driven revival over the coming years. Analysts expect global job growth to lag somewhat behind the general economic rebound as many industries such as manufacturing and retail are still trailing well behind their pre-pandemic levels. In addition, vaccinations will have a significant impact on how quickly mobility, and by extension employment, will return to normal. Geopolitical risks will also be elevated in a post-pandemic environment, as



US-China relations will continue to be prominent as the US strives to move away from supply chain reliance on China.”¹

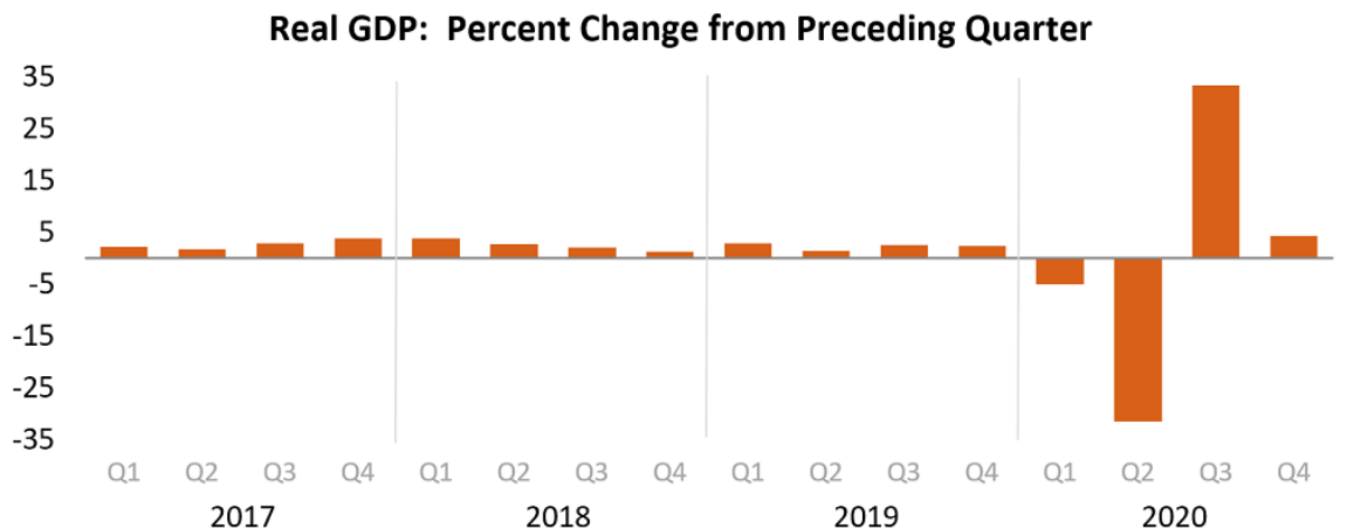
“The global economy continues to recover”

In the April 20, 2020, investor letter, I shared the following graphic that presented three pandemic recovery scenarios:

Market Recovery	Characteristics	Dependencies
V Shaped <ul style="list-style-type: none"> • Most bullish outlook • 30% probability 	<ul style="list-style-type: none"> • Rapid return of output once social distancing restrictions are removed. • Full year decline in GDP of -1.2% 	<ul style="list-style-type: none"> • An effective medical response to managing the Covid outbreak. • Labor markets heal quickly; unemployment returns to pre-Covid levels. • Recovery of consumer demand.
U Shaped <ul style="list-style-type: none"> • Base case • 55% probability 	<ul style="list-style-type: none"> • Output returns more gradually and the second-half 2020 recovery does not return GDP to pre-Covid levels. • Full year decline in GDP of -3.2% • Rebound quicker than 2008-2009 	<ul style="list-style-type: none"> • No wide-spread resumption of Covid following social distancing; Seasonality. • Resumption of some travel, social interaction (work, restaurants, etc)
L Shaped <ul style="list-style-type: none"> • Pessimistic outlook • 15% probability 	<ul style="list-style-type: none"> • Sustained economic weakness and consumer behavior. • Full year decline in GDP of -5.2% • Sustained high unemployment • Insufficient policy support. 	<ul style="list-style-type: none"> • Covid is not manageable for a sustained period. • Businesses are unable to maintain normal operations. • Social distancing remains the norm.

Source: JP Morgan

One year later, how are we doing? At the macro level, it should be no surprise that the most probable scenario (55% according to the graphic) appears to be playing out as the real GDP of the U.S. declined 3.5% in 2020:²



U.S. Bureau of Economic Analysis

Seasonally adjusted at annual rates

On March 17, 2021, the Federal Reserve released its (median) forecast of 6.5% change in real GDP in 2021.³ This is a more rapid recovery than from the 2008-09 decline, likely due to the massive stimulus, monetary policy, and the temporary nature of the virus. At the macro level, 2020 is looking more and more like a temporary disruption to the long-term progress of global economic growth.

“vaccine rollout is crucially important to the trajectory of the recovery”

Everyone 16 and older is eligible to get the vaccine. I encourage you to get the vaccine and to encourage others to get the vaccine.

In the U.S. we are blessed to have Dr. Francis Collins lead the world’s largest funder of biomedical research, the National Institutes of Health (NIH). As you may know, Dr. Collins formerly headed the Human Genome Project and is a devout Christian. When Dr. Collins was searching for meaning as a young doctor and atheist, he stumbled into the office of the local Methodist church where the pastor gave him a copy of C.S. Lewis’s *Mere Christianity*. That pastor, the writings of Lewis, and the testimony of others ultimately guided Collins to accept Jesus Christ as his Lord and Savior decades ago. You may also know Dr. Collins as the “boss” of Dr. Anthony Fauci. Both of these men and thousands of others have worked heroically and tirelessly to develop and deliver the vaccine to us.

[Here is a picture of Dr. Collins getting his second jab.](#) In his own words:

I was grateful to receive my second, or “booster,” shot of the Moderna COVID-19 vaccine at the NIH Clinical Center on Jan. 19, 2021. As NIH Director, I’ve closely followed the development of this and other FDA-authorized vaccines, which have been rigorously tested for safety and efficacy. To protect both yourself and others, I encourage you to get vaccinated when the opportunity arises.⁴

Getting the vaccine is the surest way for us to quickly and safely get back on the road to normalcy.

Do you have questions about the vaccine? [Check out this article from BioLogos](#),⁵ the nonprofit founded by Dr. Collins.

Spread the good word!

Be safe and be blessed,



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

² <https://www.bea.gov/news/2021/gross-domestic-product-third-estimate-gdp-industry-and-corporate-profits-4th-quarter-and>

³ <https://www.federalreserve.gov/monetarypolicy/files/fomcprojtabl20210317.pdf>

⁴ <https://directorsblog.nih.gov/2021/01/19/getting-my-covid-19-booster-shot/>

⁵ <https://biologos.org/post/5-reasons-christians-should-get-the-covid-19-vaccine>

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