



To Our Investors:

I am writing to provide you with an update on the UMF Collective Funds of Michigan LLC. The investment policy statement which governs the administration of these funds calls for annual rebalancing between stocks and bonds based on the asset allocation on file. This year, despite the intermittent volatility, both stocks and bonds have produced very similar returns. The result is an allocation that remains very close to your elected allocation in the Stock Fund and the Bond Fund. Consequently, the usual annual rebalance process is unnecessary for 2018.

The Investment Committee takes great care in monitoring all of the funds under its oversight. While there is no need to rebalance during this calendar year, we do want to reiterate the core principal behind annual rebalancing. It is primarily a risk management strategy. It is designed to create a process that encourages trimming gains in assets that have gone up in value and adding to positions that have gone down in price. It is the classic example of managing our allocation between stocks and bonds with a buy low and sell high discipline. We will continue to use this annual rebalancing approach and will always provide advanced notice of any planned rebalancing decisions.

In particular, the Balanced Fund is designed to offer some downside protection when the stock market is weak, while maintaining good exposure to equities during periods of strength. It is an expression of the United Methodist Foundation of Michigan's recommendation for long-term investors. The current Balanced Fund allocation is 60% in the Stock Fund and 40% in the Bond Fund. Investors may choose to alter their investment allocation at any time, but we typically recommend the Balanced Fund as the default option. We hold a long-term perspective and encourage all investors to do the same.

As always, please feel free to reach out to us if we may provide further assistance. Blessings to you and your family during this season of Advent and the coming Christmas Day.

Blessings,

A handwritten signature in cursive script that reads "David S. Bell".

David S. Bell
President and Executive Director

1.888.451.1929

www.UMFMichigan.org

Helping Faithful People Live Generous Lives

