

UUCEF INVESTOR CALL

AUGUST 26, 2014

2:00 PM ET

Presenters:

Larry Ladd, UUA Financial Advisor

Tim Brennan, UUA Treasurer & CFO

David Stewart, Co-chair SRI Committee

Call 800-617-4268 (US toll free)

Passcode: 73886534#

Press *6 to mute/unmute

Agenda

1. Performance review to 7/31/14
2. June quarterly performance
3. Understanding GAA
4. Investment Managers
5. August 19th Investment Committee meeting and actions
6. Divestment resolution
7. Questions and answers

Unitarian Universalist Association

Composite

Net Performance Summary

As of July 31, 2014

	Market Value (\$)	% of Portfolio	Policy %	1 Mo (%)	YTD (%)	Fiscal YTD (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Return (%)	Since
GTAA Composite	53,355,088	29.8	30.0	-1.0	5.4	-1.0	6.6	9.3	--	6.0	Jan-08
65% MSCI ACWI (Net) / 35% BC Agg				-0.9	4.5	-0.9	8.0	9.7	7.0	4.1	Jan-08
GMO Benchmark Free Allocation Fund	17,492,370	9.8	10.0	-1.3	3.2	-1.3	6.6	8.3	--	5.3	Jan-08
65% MSCI World (Net) / 35% BC Agg				-1.1	4.3	-1.1	9.0	10.1	6.8	4.3	Jan-08
Wellington Opportunistic Investment	17,796,288	9.9	10.0	-1.3	4.0	-1.3	4.4	8.2	--	4.8	Feb-08
65% MSCI World (Net) / 35% BC Agg				-1.1	4.3	-1.1	9.0	10.1	6.8	5.1	Feb-08
Bridgewater	18,066,429	10.1	10.0	-0.5	9.1	-0.5	7.8	12.3	--	6.2	Sep-05
50% BC Global Agg/ 50% MSCI World (Net)				-1.2	4.3	-1.2	6.8	8.5	6.5	5.8	Sep-05
Hedge Fund Composite	8,127,083	4.5	5.0	-0.5	3.1	-0.5	5.1	7.8	--	7.8	Aug-09
HFRI Fund of Funds Composite Index				-0.6	1.4	-0.6	2.9	3.8	3.4	3.8	Aug-09
Entrust Capital Diversified Fund	8,127,083	4.5	5.0	-0.5	3.1	-0.5	5.1	7.8	--	7.8	Aug-09
HFRI Fund of Funds Composite Index				-0.6	1.4	-0.6	2.9	3.8	3.4	3.8	Aug-09
FEG Private Opportunities	1,007,830	0.6	0.0								
Thomson One All Private Equity - CA											
Cash	4,758,599	2.7	0.0								
91 Day T-Bills											
Community Development	1,523,399	0.9	1.0	0.1	0.7	0.1	1.5	1.7	--	2.0	Jul-07
91 Day T-Bills				0.0	0.0	0.0	0.0	0.1	1.5	0.5	Jul-07

Notes:

- All performance is net of fees
- GMO Benchmark Free Allocation Fund was funded in May 2013
- Fiscal Year End: 6/30

Unitarian Universalist Association

Total Fund Performance Summary

Period Ending June 30, 2014

	Market Value (\$)	3 Mo (%)	YTD (%)	Fiscal YTD (%)	3 Yrs (%)	5 Yrs (%)	7 Yrs (%)	10 Yrs (%)
Composite	179,454,352	3.2	4.6	14.7	7.1	11.5	5.0	6.3
Allocation Index		3.5	5.0	14.5	7.1	10.7	5.2	6.8
Policy Index		3.6	5.2	15.5	7.7	11.1	4.6	6.4
Domestic Equity Composite	34,545,217	2.5	4.4	27.0	17.2	23.4	9.3	9.6
S&P 500		5.2	7.1	24.6	16.6	18.8	6.2	7.8
International Equity Composite	42,374,422	4.3	3.7	17.9	3.6	8.7	-0.6	6.4
MSCI ACWI ex USA		5.0	5.6	21.8	5.7	11.1	1.3	7.7
Fixed Income Composite	34,949,555	2.7	4.9	6.5	5.1	8.2	6.7	6.0
Barclays Aggregate		2.0	3.9	4.4	3.7	4.9	5.3	4.9
GTAA Composite	53,899,721	4.0	6.5	14.7	7.9	10.8	--	--
65% MSCI ACWI (Net) / 35% BC Agg		4.0	5.4	16.2	8.2	11.2	4.4	6.9
Hedge Fund Composite	8,166,223	1.7	3.6	10.5	5.1	--	--	--
HFRI Fund of Funds Composite Index		1.6	2.2	7.7	3.3	4.3	0.6	3.4
FEG Private Opportunities	1,007,830							
Thomson One All Private Equity								
Cash	3,002,150							
91 Day T-Bills								
Community Development	1,509,234	0.3	0.6	1.1	1.6	1.7	2.0	--
91 Day T-Bills		0.0	0.0	0.0	0.0	0.1	0.5	1.5

Notes:

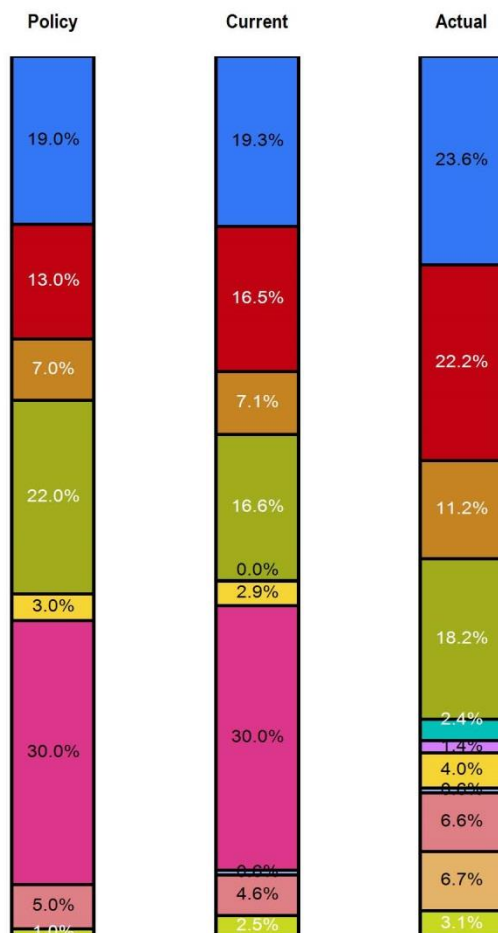
All performance is net of fees

Fiscal Year End: 6/30

Unitarian Universalist Association

Total Fund Asset Allocation vs. Policy Targets

Period Ending June 30, 2014



Asset Allocation vs. Target

	Current	Policy	Current	Actual
Equity - Domestic	\$34,545,217	19.0%	19.3%	23.6%
Equity - International	\$29,585,569	13.0%	16.5%	22.2%
Equity - Emerging	\$12,788,852	7.0%	7.1%	11.2%
Fixed Income - Domestic	\$29,753,566	22.0%	16.6%	18.2%
High Yield	--	--	--	2.4%
Fixed Income - Emerging	--	--	--	1.4%
Fixed Income - Global	\$5,195,887	3.0%	2.9%	4.0%
Balanced - GAA	\$53,899,721	30.0%	30.0%	--
Private Equity	\$1,007,830	--	0.6%	0.6%
Hedge Funds	\$8,166,223	5.0%	4.6%	6.6%
Real Assets	--	--	--	6.7%
Cash	\$4,511,384	1.0%	2.5%	3.1%
Total	\$179,454,352	100.0%	100.0%	100.0%

Notes:

Policy Allocation: Target asset allocation based on the investment policy statement.

Current Allocation: Period ending asset allocation that includes Global Asset Allocation as its own asset class.

Actual Allocation: Period ending asset allocation that breaks Global Asset Allocation into the underlying asset classes.

* Global Asset Allocation weights are preliminary

Unitarian Universalist Association

Total Fund Return Summary (Gross of Fees) vs. Peer Universe

Period Ending June 30, 2014



	Return (Rank)						
5th Percentile	4.6	6.4	19.3	10.1	13.3	6.1	8.1
25th Percentile	4.0	5.6	17.0	9.6	12.6	5.3	7.4
Median	3.6	5.1	15.5	8.5	11.4	4.4	6.9
75th Percentile	3.2	4.7	14.6	7.9	11.2	3.9	6.3
95th Percentile	2.7	3.8	11.4	7.3	9.5	3.6	5.4
# of Portfolios	25	25	25	23	21	19	16
● Composite	3.4 (55)	5.2 (38)	15.9 (46)	8.2 (64)	12.6 (26)	6.1 (6)	7.4 (34)
▲ Allocation Index	3.5 (54)	5.0 (56)	14.5 (76)	7.1 (99)	10.7 (87)	5.2 (28)	6.8 (53)
× Policy Index	3.6 (41)	5.2 (33)	15.5 (51)	7.7 (84)	11.1 (80)	4.6 (48)	6.4 (73)

Policy Index: Calculated by taking the target asset class weights times the return of the respective passive benchmark (re-balanced monthly). Measures the effectiveness of *Plan Structure*.

Allocation Index: Calculated by taking the actual asset class weights times the return of the respective passive benchmark. Measures the effectiveness of *deviating from target weights*.

Composite: Actual fund return. When compared to the allocation index, it measures the effectiveness of the active managers.

Fiscal Year End: 6/30



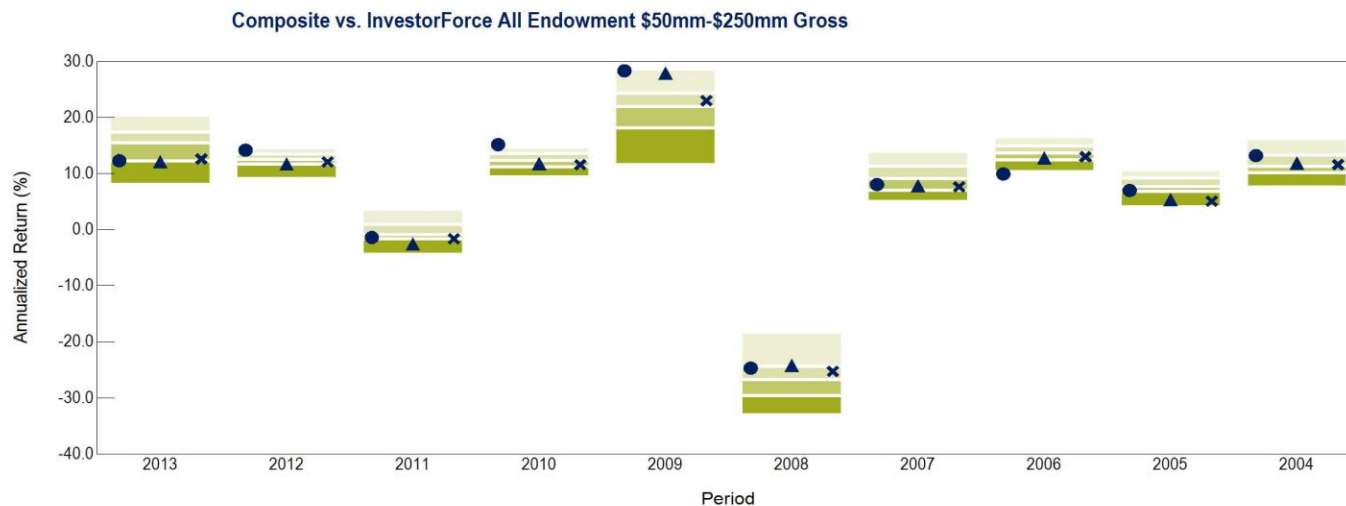
NEPC, LLC

June 30, 2014

Unitarian Universalist Association

Total Fund Return Summary (Gross of Fees) vs. Peer Universe

Period Ending December 31, 2013



	Return (Rank)									
5th Percentile	20.4	14.5	3.5	14.7	28.5	-18.3	13.9	16.5	10.7	16.2
25th Percentile	17.4	13.5	1.0	13.7	24.4	-24.3	11.3	14.9	9.3	13.3
Median	15.5	12.6	-0.8	12.4	22.0	-26.7	9.2	13.7	7.8	11.4
75th Percentile	12.3	11.7	-1.6	11.2	18.2	-29.5	7.1	12.5	6.8	10.2
95th Percentile	8.1	9.1	-4.3	9.4	11.7	-33.0	5.1	10.4	4.1	7.6
# of Portfolios	63	68	61	56	55	52	51	48	46	44
● Composite	12.3 (75)	14.2 (10)	-1.4 (69)	15.2 (2)	28.3 (6)	-24.7 (30)	8.0 (62)	9.9 (98)	7.0 (67)	13.2 (31)
▲ Allocation Index	12.1 (77)	11.7 (75)	-2.6 (89)	11.8 (62)	27.9 (7)	-24.2 (25)	7.8 (65)	12.8 (71)	5.3 (91)	11.8 (47)
× Policy Index	12.6 (72)	12.1 (67)	-1.6 (77)	11.6 (66)	23.0 (40)	-25.3 (36)	7.6 (66)	13.0 (68)	5.1 (92)	11.6 (49)

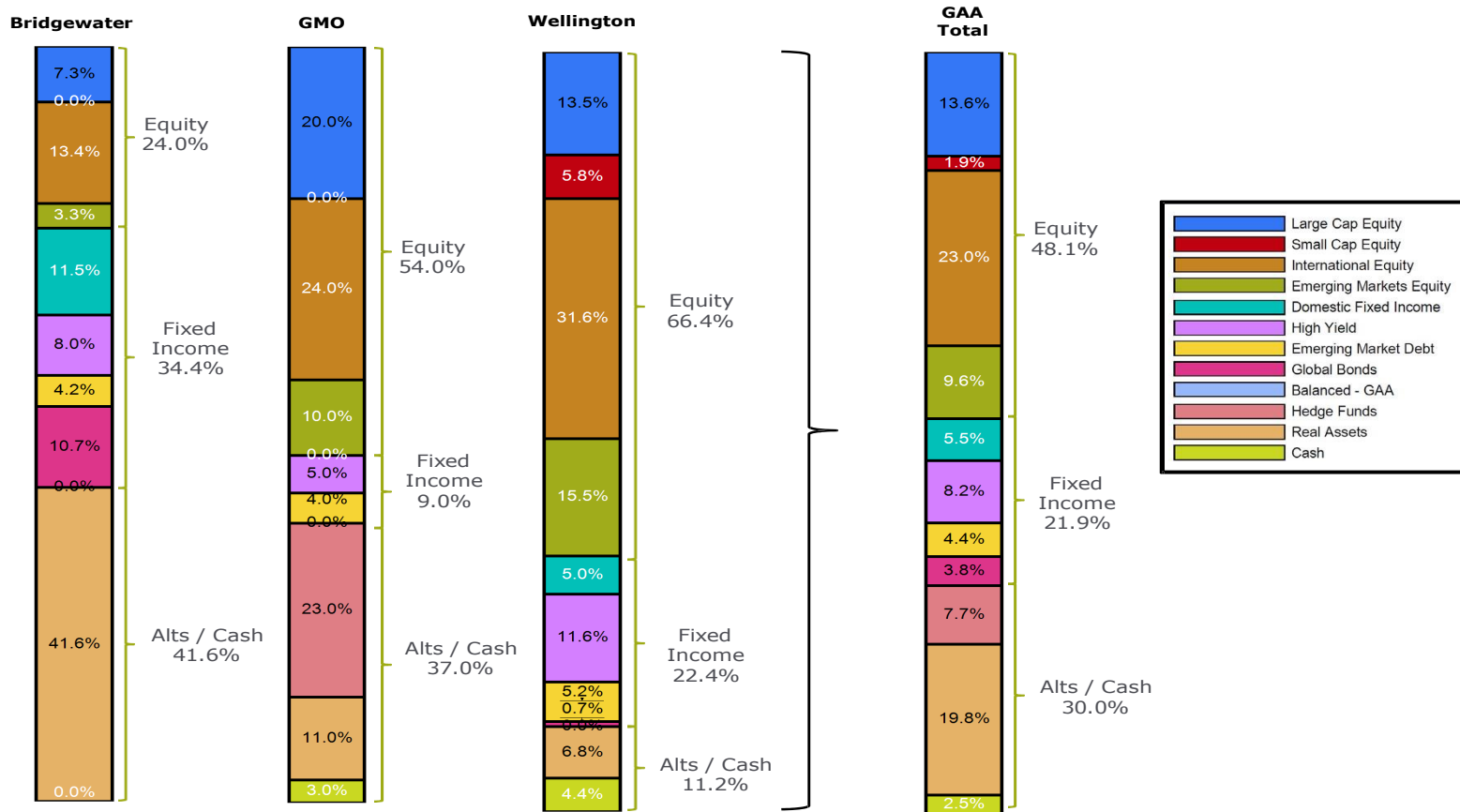
Policy Index: Calculated by taking the target asset class weights times the return of the respective passive benchmark (re-balanced monthly). Measures the effectiveness of *Plan Structure*.

Allocation Index: Calculated by taking the actual asset class weights times the return of the respective passive benchmark. Measures the effectiveness of *deviating from target weights*.

Composite: Actual fund return. When compared to the allocation index, it measures the effectiveness of the active managers.

Understanding GAA

Unitarian Universalist Association Net Asset Allocation



UUA Manager Summary

- **Manager:** Rhumbline Custom Screened Russell 1000 Value
 - **Benchmark:** Russell 1000 Value
 - **Asset Class:** Large cap domestic equity - value
 - **Role in Portfolio:** Growth Assets
 - **Description:** The manager optimizes a portfolio of large cap value equities based on their Environmental, Social and Governance (“ESG”) ratings. The fund should have relatively low tracking error or variance from the benchmark as it is a largely passive investment.
-
- **Manager:** Sands Select Growth Equity
 - **Benchmark:** Russell 1000 Growth
 - **Asset Class:** Large cap domestic equity - growth
 - **Role in Portfolio:** Growth Assets
 - **Description:** The manager uses a fundamental, bottom up research approach to stock investing. Their investment process produces a concentrated portfolio, aggressively seeking equities with high growth opportunities. The manager is currently restricted from investing in certain sectors and industries, including defense, fire arms, tobacco, and nuclear weapons. Also the manager cannot invest in companies that engage in predatory lending practices, have poor environmental practices, and companies that have questionable employment practices and possible human rights offenses.

UUA Manager Summary

Continued

- **Manager:** Pier Small Cap Equity Growth
 - **Benchmark:** Russell 2000 Growth
 - **Asset Class:** Small cap domestic equity - growth
 - **Role in Portfolio:** Growth Assets
 - **Description:** The strategy uses a bottom-up research process, which incorporates two quantitative screens, followed by fundamental analysis. The manager also screens out all securities that are restricted per UUA's direction. Pier looks to find companies with great products or services and identify them by the strength of their value proposition.
-
- **Manager:** MFS International Concentrated Equity
 - **Benchmark:** MSCI EAFE
 - **Asset Class:** Developed international equity - core
 - **Role in Portfolio:** Growth Assets
 - **Description:** The manager focuses on identifying companies with sustainable above- average growth and purchasing those companies at attractive valuations. The manager is a United Nations Principles for Responsible Investment (UNPRI) signatory and integrates their evaluation of a company's key ESG risks and opportunities into their overall security analysis to the extent they believe that such factors are material to and have an economic impact on shareholder value. The manager will invest between 5-10% in emerging markets.

UUA Manager Summary

Continued

- **Manager:** Boston Common International Equity
 - **Benchmark:** MSCI EAFE
 - **Asset Class:** Developed international equity - core
 - **Role in Portfolio:** Growth Assets
 - **Description:** The fund seeks to outperform broad international equity markets while employing ESG screens. The fund employs positive ESG screens rather than negative screens and looks to identify progressive companies rather than defensive companies.
-
- **Manager:** DFA Emerging Market Social Core
 - **Benchmark:** MSCI Emerging Markets index
 - **Asset Class:** Emerging market equity - value
 - **Role in Portfolio:** Growth Assets
 - **Description:** The portfolio is broadly diversified, using a quantitative, rules-based process, in order to select their holdings. Dimensional employs an independent social screen vendor to identify stocks for exclusion based on social issues. The social screen research examines the business activities of companies across several areas and excludes those that engage in unsuitable activities.

UUA Manager Summary

Continued

- **Manager:** PIMCO Total Return III
 - **Benchmark:** Barclays Aggregate
 - **Asset Class:** Domestic fixed income
 - **Role in Portfolio:** Deflation hedging assets
 - **Description:** Top Down analysis of fundamental global trends in such areas as political factors, inflation, volatility, growth, fiscal balances, and currency is used to build a diversified portfolio where no single risk should dominate returns. Bonds are evaluated on a relative value basis and fundamental research determines strong portfolio candidates. The manager utilizes their own system, the Automated Compliance Environment (ACE), to identify socially sensitive industries or sectors, and exclude them from the fund.
-
- **Manager:** GMO Global Bond Strategy
 - **Benchmark:** Citi WGBI
 - **Asset Class:** Global fixed income
 - **Role in Portfolio:** Deflation hedging assets
 - **Description:** GMO employs a team approach to managing the fund, where the mandate is tracking error restricted and managed within the duration target of the benchmark. The manager is risk adverse, with positions largely sourced from G12 interest rate and currency markets with modest allocations to emerging market debt, asset-backed securities and credit.

UUA Manager Summary

Continued

- **Manager:** Loomis Sayles Credit Asset Fund
 - **Benchmark:** 50% BC Credit, 25% S&P LSTA, and 25% BC High Yield
 - **Asset Class:** Multi-sector fixed income
 - **Role in Portfolio:** Growth assets
 - **Description:** The manager attempts to buy bonds at discount and allocates across four sectors; investment grade credit, high yield, bank loans and securitized assets, seeking a yield advantage.
-
- **Manager:** GMO Benchmark Free Allocation Fund
 - **Benchmark:** 65% MSCI World and 35% BC Aggregate
 - **Asset Class:** Global asset allocation
 - **Role in Portfolio:** Growth assets (with some inflation & deflation hedging assets)
 - **Description:** The manager has the ability to invest in both equities and fixed income, and tactically shift allocations as opportunities present themselves. The fund is managed by a team, where quantitative forecasts identify opportunities for high real returns across capital markets. Overweight's to attractive asset classes and underweights to less attractive asset classes are driven entirely by the judgment of the asset allocation team with positions generally scaled to reflect the magnitude of mispricing.

UUA Manager Summary

Continued

- **Manager:** Bridgewater All Weather Strategy
 - **Benchmark:** 50% BC Global Aggregate and 50% MSCI World index
 - **Asset Class:** Global asset allocation
 - **Role in Portfolio:** Balance of growth, inflation and deflation hedging assets
 - **Description:** The fund attempts to create a passive balanced risk exposure to high/low growth environments and high/low inflation environments. They maintain long-term strategic exposures to a variety of global markets and do not actively trade in and out of
 - these markets. The strategy utilizes six different asset classes and trades across more than 40 global markets while seeking balanced risk exposures to the four basic economic regimes.
-
- **Manager:** Wellington Opportunistic Investment
 - **Benchmark:** 65% MSCI World and 35% BC Aggregate
 - **Asset Class:** Global asset allocation
 - **Role in Portfolio:** Growth assets (with some inflation & deflation hedging assets)
 - **Description:** The manager has a two team approach, with each team dedicating their time to either fixed income or equities, and looks to make investments in niche sectors and out- of-favor markets. The manager is also UNPRI signatory. Historically, the fund does not make significant shifts in assets from the 65% equity and 35% fixed income target.

UUA Manager Summary

Continued

- **Manager:** Entrust Capital Diversified Fund
- **Benchmark:** HFRI Fund of Funds Composite index
- **Asset Class:** Hedge funds
- **Role in Portfolio:** Growth assets
- **Description:** The manager invests primarily in event-driven, directional-credit, activist, and equity long/short strategies in blue chip, brand name hedge managers while providing investors with a high amount of transparency into the underlying investments.

Divestment Requirements

- Objective of 2014 GA Business Resolution on Divestment:
 - No more purchases of Carbon Tracker 200 stocks
 - Full divestment of UUCEF direct holdings in CT200
 - Work on ways to remove CT200 from indirect holdings
 - Invest in ways that encourage a clean energy future
 - Reporting to GA every year for 5 years on progress
- Context that is required
 - The boundaries of fiduciary responsibility must be maintained; and,
 - UUA's ability to do shareholder advocacy shall continue; and,
 - A five year time frame for the actions to be completed.
- Business resolution may be read here:
http://www.uua.org/documents/gaoffice/140430_tentative_ff_resol.pdf

Supplemental Information

Fund oversight

- UUA Board of Trustees – ultimate fiduciaries
- Investment Committee – includes investment professionals
- Socially Responsible Investing Committee
- UUA Treasurer – management, rebalancing
- Investment consultant – New England Pension Consultants
- SRI analyst – Jantzi Sustainalytics
- Specialized investment managers
- Custodian – State Street Bank
- Reporting – NRS Trust Product Administration
- Auditors – CBIZ Tofias/Mayer, Hoffman, McCann

Investment objective

To achieve consistent returns within a moderate risk tolerance over the long term, sufficient to allow Congregations to take regular distributions and maintain the value of principal after adjustment for inflation and after all expenses.

UU Common Endowment Fund

Key Characteristics

- Long-term investment fund
- Diversified portfolio
- Managed by specialist professional investment managers
- Managed to reflect UU values while achieving financial goals – “Risk, Return, Justice”
- Open to congregations, districts, and other UU organizations

Portfolio Diversification

Across Asset Classes:

- Domestic equities: large cap, small cap, growth, value
- International equities: developed, emerging
- Fixed income: domestic core plus, high yield, global sovereigns, opportunistic
- Global asset allocation funds
- Fund of hedge funds

Asset Allocation Targets

<i>Asset Class</i>	<i>Target Allocation</i>
Domestic equity	19%
International equity	20%
Fixed income	25%
Global asset allocation	30%
Fund of hedge funds	5%
Community investments	1%
Cash	0%



Responsible Committees

Investment Committee

- Carol McMullen, Chair
- Robert Friedman
- Kimberly Gladman
- Lucia Santini
- John LaPann
- Tim Brennan, Treasurer
- Larry Ladd, Financial Advisor

SRI Committee

- David Stewart, Co-Chair
- Kimberly Gladman, Co-Chair
- Simon Billenness
- Vonda Brunsting
- Marva Williams
- Tim Brennan, Treasurer
- Larry Ladd, Financial Advisor

See Investor Information Memorandum for background information.

Contact Information

For specific questions about the UUCEF please contact:

- Susan Helbert, Assistant to the Treasurer
617-948-4306
shelbert@uua.org
- Tim Brennan, Treasurer and CFO
617-948-4305
tbrennan@uua.org