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Unitarian Universalist Association of Congregations

Third Quarter Meeting Materials

November 18, 2016

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Administrative





Unitarian Universalist Association Investment Committee Meeting Agenda

November 18, 2016

24 Farnsworth Street, Boston, MA 02210-1409

8:30 am	Introduction -Approval of Recent Meeting Minutes -Overview of Agenda	Gaffney / NEPC
8:45 am	Multi-Sector Manager Review – Franklin Templeton	TBD
9:30 am	Multi-Sector Manager Review – Brandywine	TBD
10:30 am	Break	All
10:45 am	Market & Performance Update	NEPC
11:15 am	Blank Slate Asset Allocation and Manager Review	NEPC
12:00 pm	Working Lunch -Investment Policy Statement Review - Actis Private Equity – Renewables Fund	NEPC
1:00 pm	Executive Session	Investment Committee
1:30 pm	Adjournment	All

UUA Investment Committee – Minutes - DRAFT

24 Farnsworth Street, Room 315

Boston, MA 02210

August 10, 2016

Members present: Kathleen Gaffney, Chair, Tim Brennan, Rob Friedman, John LaPann, Lucia Santini and David Stewart

Members absent: None

Staff: Susan Helbert, Harlan Limpert

NEPC: Dulari Pancholi, Scott Perry, Asher Watson

1. Minutes from May 11, 2016 meeting – Gaffney

Motion 1: To approve the minutes from the May 11, 2016 meeting. Moved LaPann, seconded Santini, Brennan abstained since he was not present. Approved without amendment.

2. Market Outlook and Performance Review – NEPC

- The endowment returned 0.8% gross during the second quarter of 2016. Primary factors for the underperformance were active management, which detracted 70 basis points, with Sands, Wellington, MFS and Cevian underperforming their benchmarks over the quarter.
- Heightened concerns surrounding the election in the US and other elections in Europe have led to uncertainty; leads to heightened level of volatility in equity markets and likely in other markets as well.
- Emerging markets have begun to turn around both on equity and debt side.
- Risk asset return year-to-date is good with the exception of MSCI EAFE which was weighed down by the UK vote to leave the European Union.

3. Hedge Fund Review – NEPC

- Reasons to hold hedge funds: diversification, risk-adjusted returns and access to non-traditional strategies.
 - Pros:
 - Historically, incorporating hedge funds into a portfolio has aided in reducing volatility while preserving and/or improving returns.

- Downside protection, 90% of the time will outperform equities in a down market.
 - Over the last 25 years have outperformed other traditional asset classes.
- Cons:
 - Finding Hedge Funds that incorporate ESG is very challenging.
 - Liquidity constraints.
 - Fees are higher than traditional investments.
 - Have changed dramatically over the years with more and more funds in the market.
 - Building a full hedge fund program would require the likely addition of two to three new managers.
- Will further discuss eliminating hedge fund allocation altogether, moving Cevian Capital to the International Equity allocation, Entrust Capital to the Fixed Income allocation and establish a new Opportunistic allocation. Target allocations will need to be revised and voted on.

Action item 1: Brennan to provide notice to Entrust Capital of intent to liquidate at the next opportunity.

Action item 2: NEPC to provide revised target allocations.

Action item 3: NEPC to research individual hedge fund managers that can add value through their process and provide a high enough return to justify the fees.

4. Fixed Income Review – NEPC

- Currently hold 20% of the portfolio in Fixed Income, 10% in core bonds and 10% in Unconstrained Bonds.
- Looking to reduce or move away from Absolute Return approach and add high quality duration exposure.
- Discussed the three different forms of the “barbell” approach, each of which can be customized:
 - 1) Risk: invests in higher yielding credit instruments, which are riskier, paired with dedicated Treasuries.
 - 2) Duration: short duration strategies paired with long duration.
 - 3) Liquidity: longer lockup and capital call vehicles paired with dedicated Treasuries and some higher quality corporates.
- A barbell with exposure to higher yielding credits, emerging market debt and some currency paired with longer duration bonds to act as a safe haven could be appropriate for the portfolio but does increase risk exposure.

- Has the potential to reduce fees.

Action item 4: Based on today's discussion, NEPC will prepare a new Fixed Income portfolio presentation which the committee will discuss on a call on August 24.

5. Private Equity Review – NEPC

- Currently have a target allocation of 5% with current allocation at about 2%.
- Investment funding plan calls for 2-3 million commitments on an annual basis.
- Private Market allocation was born out of a desire for impact-oriented strategies that align with the UUA's values and the ability to pursue opportunistic ideas.
- Discussed four different managers which could align with the portfolio:
 - 1) SJF Ventures IV
 - 2) Actis
 - 3) Aisling Capital Fund IV
 - 4) HighBar Partners Fund III.

6. Updates from GA – Brennan

- President and Treasurer, per the Business Resolution from GA14, reported to the General Assembly on UUA's progress in complying with the resolution.
- One result from the discussions at the SRIC workshop was that we need to do better communications/public relations regarding our advocacy work.
- Israel/Palestine divestment resolution garnered 55% of the vote which fell short of the two-thirds required to pass.
- The five companies the resolution addressed had already been sold from the portfolio based on the human rights screen.

7. Investment Policy Statement Review – NEPC

- The policy has been updated to reflect the new target commitment for equities to 54% with a range of 48% to 60% and 25% to alternatives with a range of 0% to 35%. Global Asset Allocation and Hedge Fund ranges updated to 0% - 15%. In addition, the language surrounding portfolio rebalancing was also updated.
- Discussed the option of restructuring the target allocation to simplify it and remove the need for a motion to update the investment policy each time a change is made.

Motion 2: To accept the revised policy as presented. Moved Santini, seconded LaPann, all approved.

8. ESG Integration and UUA Committee Structure – NEPC, Committee

- Few peers are as far along the SRI spectrum in terms of advocacy and ESG integration as the UUA.
- Consider revising the investment policy statement to better incorporate SRI considerations.
- Have clear short and long-term goals and objectives for each committee on what they're looking to accomplish.
- The working group will come up with alternatives which will be discussed with both committees to determine the impact and get feedback.

9. Executive Session – Committee

Next Meeting: November 18, 2016

UUA Manager Summary

Manager: Rhumblin 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.

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: Wellington SMID Cap Value

Benchmark: Russell 2500 Value

Asset Class: SMID cap domestic equity - value

Role in Portfolio: Growth Assets

Description: Wellington has a bottom-up investment philosophy, believing that individual stock selection is the most predictable way to generate strong returns. The team has a contrarian value investment philosophy, seeking to buy high-quality companies at a discount. The portfolio holds 60-90 names and positions, which typically are initiated at 80 bps and range from 50 bps to 3.5%, depending on the team's conviction.



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.

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: SEG Baxter Street Fund

Benchmark: MSCI ACWI ex USA

Asset Class: Developed international equity (mid/small cap focus)

Role in Portfolio: Growth Assets

Description: The Baxter Street Strategy is an international long only strategy that invests in companies across the market cap spectrum. The portfolio is benchmark agnostic and highly concentrated, with roughly 45 names in the portfolio, 15 of which will comprise almost 50% of the portfolio. SEG seeks to identify businesses with steady predictable growth, high returns on capital and well established barriers to competition. SEG does have the ability to opportunistically hedge currency exposure.

Manager: RBC Emerging Market Equity

Benchmark: MSCI Emerging Markets index

Asset Class: Emerging market equity

Role in Portfolio: Growth Assets

Description: RBC utilizes top down thematic thinking to influence the stock selection process into more attractive areas of the market. The strategy seeks to identify growth themes within country, industry, or region and will invest in those companies with high cash flow and industry dominance. The process of utilizes both bottom up and top down research to lead to a competitive advantage. The strategy is focused on identifying strong company managements especially those that have delivered in the past. Attractive companies are those that have strong franchises and a real sustainable competitive edge.



Manager: Loomis Sayles Strategic Alpha Trust

Benchmark: Barclays Aggregate

Asset Class: Unconstrained Bonds

Role in Portfolio: Absolute Return

Description: Strategic Alpha is an opportunistic global fixed income strategy with flexible guidelines that invests across multiple fixed income sectors. The strategy seeks to take advantage of short-term tactical opportunities and longer-term structural opportunities within the broad fixed income market. The Loomis Sayles Strategic Alpha Trust strategy takes on active long/short exposures to global yield curves, credit, and currencies with extensive tail-risk hedges. The strategy also has the ability to shift duration, ranging from -2 years to +5 years.

Manager: Breckinridge Capital Advisors Sustainable Fixed Income

Benchmark: Barclays Gov't/Credit Intermediate

Asset Class: Domestic fixed income

Role in Portfolio: Deflation hedging assets

Description: Sustainable fixed income is a high quality, intermediate term fixed income strategy that incorporates both fundamental credit analysis as well as ESG analysis into the decision making process. The strategy will invest across the corporate, taxable municipal, US gov't/agency and supranational sectors. Breckinridge will analyze ESG data in an effort to identify investments they feel are well suited to meet future obstacles. Additionally, the strategy will adhere to specific sector and security restrictions set forth by UUA in an effort to align the portfolios strategy with the mission and values of the organization.

Manager: IR&M SRI Core Bond

Benchmark: Barclays Aggregate

Asset Class: Domestic Fixed Income

Role in Portfolio: Deflation hedging assets

Description: IR+M exploits overlooked opportunities in small, complex and often less-liquid bond sub-sectors, and structures portfolios to benefit from an income bias and positive convexity. Their expected alpha is sourced in their understanding and ability to identify the mispricing of esoteric securities such as put bonds, pre-payable CMBS bonds, hybrid ARMS, municipals, century bonds and convertible bonds. The strategy will only invest in securities whose activities are in line with IR&M's social criteria. Social criteria includes; not investing in securities that generate more than 10% of their revenue from alcohol, tobacco, gambling, weapons and adult entertainment. Additionally, no investments will be made in securities of issues who participate in in the healthcare sector/related industries or to be engaged in certain business activities in the Republic of the Sudan, as determined by IR&M.

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.



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.

Manager: Cevian Capital II

Benchmark: HFRX Event Driven Index

Asset Class: Hedge funds

Role in Portfolio: Growth assets

Description: Cevian Capital II is a concentrated activist hedge fund that hedges currency exposure and will invests in mid to large cap companies listed in the Nordic region [Sweden, Finland, Denmark, and Norway], UK, and other western parts of Europe. Their strategy is to target undervalued companies, where the perceived undervaluation stems from mis-managed operations, inefficient capital structure, and/or poor corporate governance structure. Cevian quantifies 'value' in terms of the company's enterprise value, operating margins, corporate governance, or equity value. The fund tries to improve this value by targeting those specific areas of weaknesses.

Manager: Brockton Capital Fund III

Benchmark: NCREIF Property Index

Asset Class: Private Markets/Opportunistic

Role in Portfolio: Growth assets

Description: Brockton Capital Fund III will follow a value-add/opportunistic strategy of buying distressed or neglected assets, repositioning them and, once stabilized, selling them in the institutional market. They will invest across various asset types, including office, residential, industrial, retail, mixed use, and other specialty real estate (for example, senior housing). Brockton invests across the United Kingdom although, due to the dominant market size of the South East, has a focus on Greater London and the surrounding areas.

Market Environment & Outlook

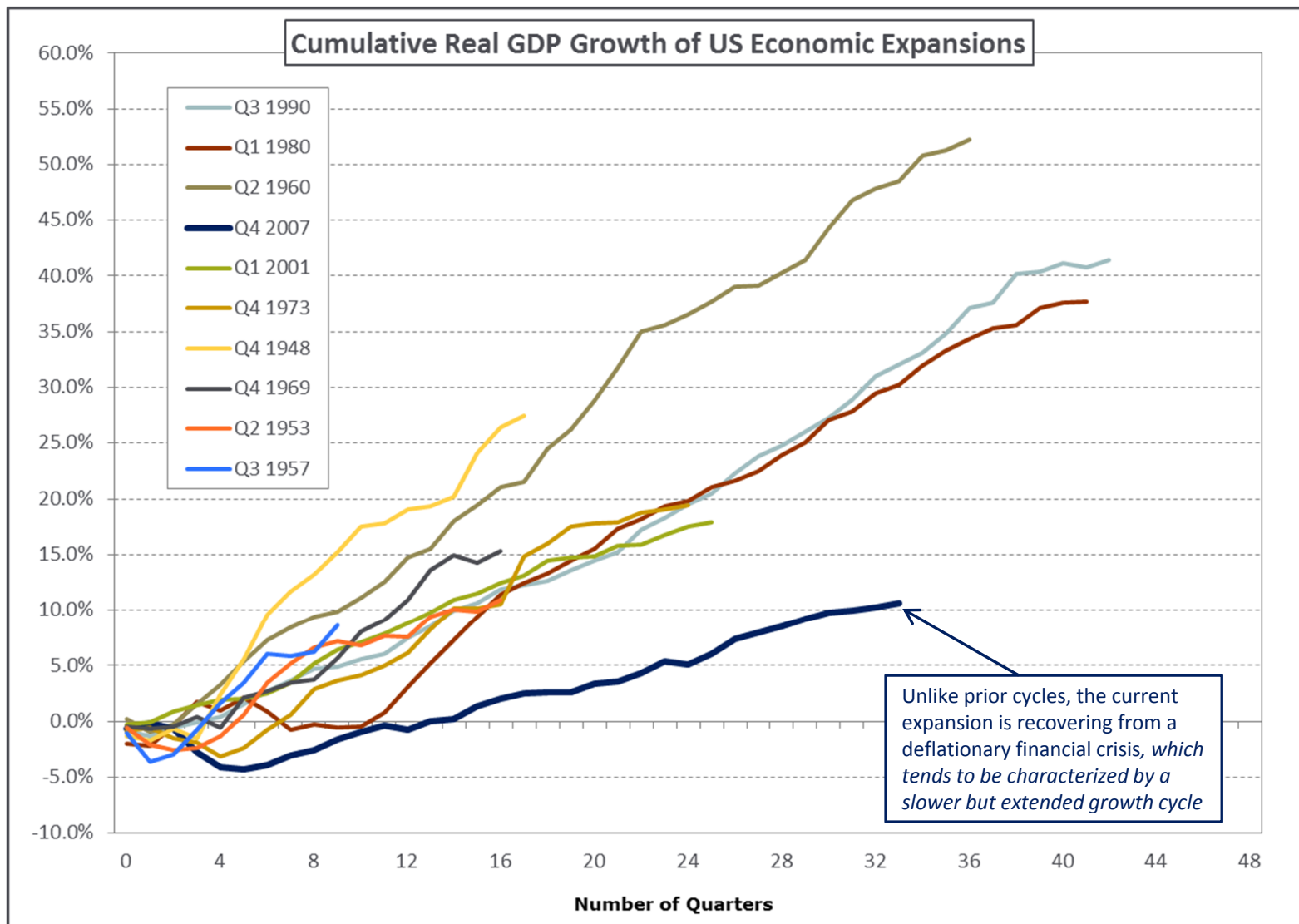
Unitarian Universalist Common Endowment Fund, LLC
Index Performance Summary as of 09/30/2016

	2009	2010	2011	2012	2013	2014	2015	Q1	Q2	Q3	SEPT	YTD
Barclays US STRIPS 20+ Yr	-36.0%	10.9%	58.5%	3.0%	-21.0%	46.4%	-3.7%	11.4%	9.6%	-0.2%	-2.8%	21.8%
JPM GBI-EM Global Div	22.0%	15.7%	-1.8%	16.8%	-9.0%	-5.7%	-14.9%	11.0%	2.7%	2.7%	2.0%	17.1%
Barclays US Long Credit	16.8%	10.7%	17.1%	12.7%	-6.6%	16.4%	-4.6%	6.8%	6.7%	2.3%	-1.1%	16.5%
MSCI EM	78.5%	18.9%	-18.4%	18.2%	-2.6%	-2.2%	-14.9%	5.7%	0.7%	9.0%	1.3%	16.0%
Alerian MLP	76.4%	35.9%	13.9%	4.8%	27.6%	4.8%	-32.6%	-4.2%	19.7%	1.1%	1.9%	15.9%
Barclays US Govt/Credit Long	1.9%	10.2%	22.5%	8.8%	-8.8%	19.3%	-3.3%	7.3%	6.5%	1.2%	-1.3%	15.7%
Barclays US Corporate HY	58.2%	15.1%	5.0%	15.8%	7.4%	2.5%	-4.5%	3.4%	5.5%	5.6%	0.7%	15.1%
JPM EMBI Global Diversified	29.8%	12.2%	7.3%	17.4%	-5.3%	7.4%	1.2%	5.0%	5.0%	4.0%	0.4%	14.8%
FTSE NAREIT Equity REITs	28.0%	28.0%	8.3%	18.1%	2.5%	30.1%	3.2%	6.0%	7.0%	-1.4%	-1.8%	11.8%
Russell 2000	27.2%	26.9%	-4.2%	16.3%	38.8%	4.9%	-4.4%	-1.5%	3.8%	9.0%	1.1%	11.5%
Citi WGBI	2.6%	5.2%	6.4%	1.6%	-4.0%	-0.5%	-3.6%	7.1%	3.4%	0.3%	0.7%	11.1%
Russell 2500	34.4%	26.7%	-2.5%	17.9%	36.8%	7.1%	-2.9%	0.4%	3.6%	6.6%	0.5%	10.8%
Bloomberg Commodity	18.9%	16.8%	-13.3%	-1.1%	-9.5%	-17.0%	-24.7%	0.4%	12.8%	-3.9%	3.1%	8.9%
Russell 1000	28.4%	16.1%	1.5%	16.4%	33.1%	13.2%	0.9%	1.2%	2.5%	4.0%	0.1%	7.9%
S&P 500	26.5%	15.1%	2.1%	16.0%	32.4%	13.7%	1.4%	1.3%	2.5%	3.9%	0.0%	7.8%
Credit Suisse Leveraged Loan	44.9%	10.0%	1.8%	9.4%	6.2%	2.1%	-0.4%	1.3%	2.9%	3.1%	0.9%	7.5%
MSCI ACWI	34.6%	12.7%	-7.3%	16.1%	22.8%	4.2%	-2.4%	0.2%	1.0%	5.3%	0.6%	6.6%
Barclays US Agg Bond	5.9%	6.5%	7.8%	4.2%	-2.0%	6.0%	0.5%	3.0%	2.2%	0.5%	-0.1%	5.8%
Barclays US Agg Interm	6.5%	6.1%	6.0%	3.6%	-1.0%	4.1%	1.2%	2.3%	1.4%	0.3%	0.2%	4.1%
Barclays Municipal	12.9%	2.4%	10.7%	6.8%	-2.6%	9.1%	3.3%	1.7%	2.6%	-0.3%	-0.5%	4.0%
MSCI EAFE	31.8%	7.8%	-12.1%	17.3%	22.8%	-4.9%	-0.8%	-3.0%	-1.5%	6.4%	1.2%	1.7%
BC US Govt/Credit 1-3 Yr	3.8%	2.8%	1.6%	1.3%	0.6%	0.8%	0.7%	1.0%	0.7%	0.0%	0.1%	1.7%
Credit Suisse Hedge Fund	18.6%	10.9%	-2.5%	7.7%	9.7%	4.1%	-0.7%	-2.2%	0.6%	1.6%	-	0.0%

Source: Bloomberg, Barclays, Alerian, Nareit, MSCI, JP Morgan, Credit Suisse

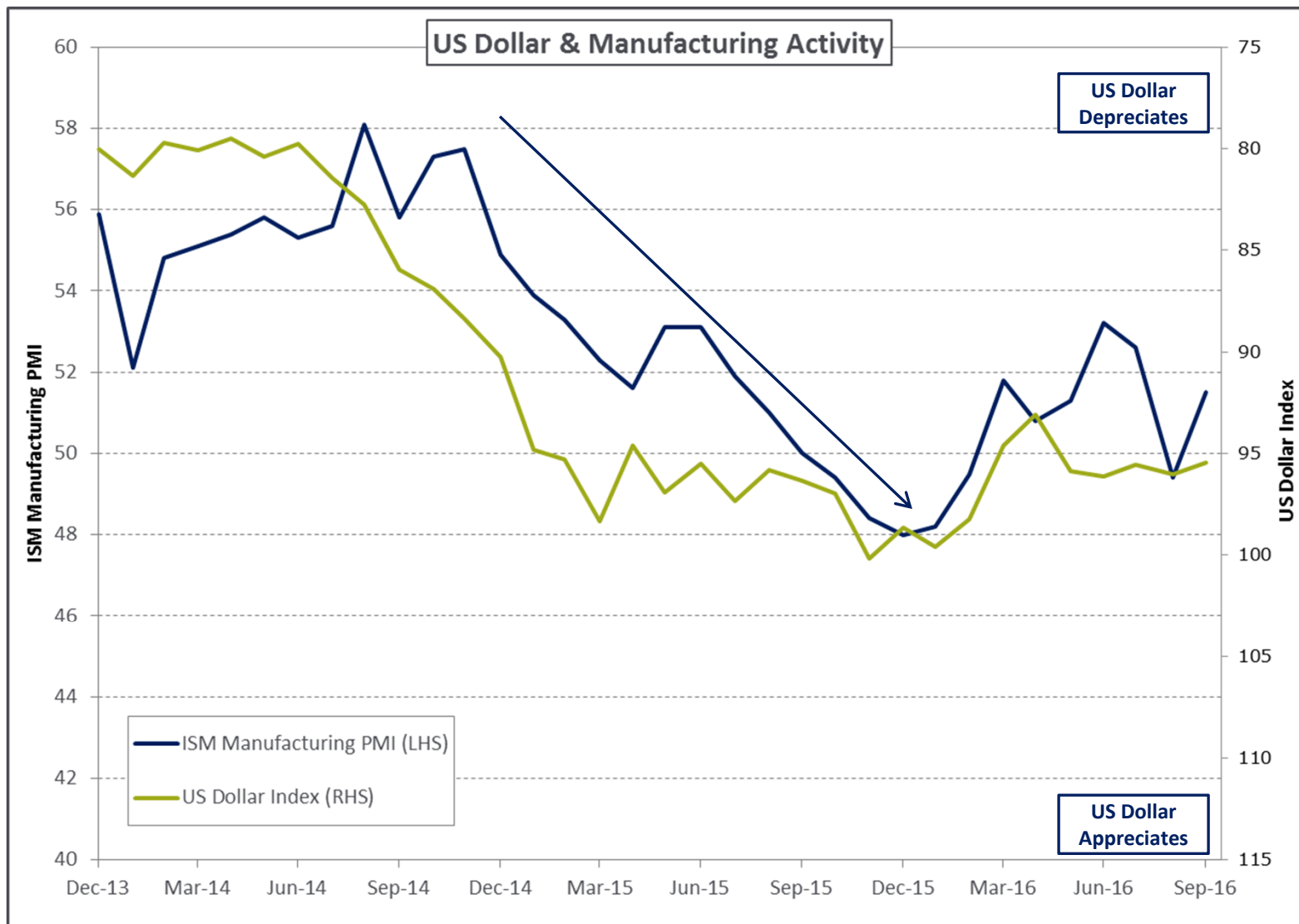


A Prolonged US Economic Expansion can Support an Extended Rally for Risk Assets



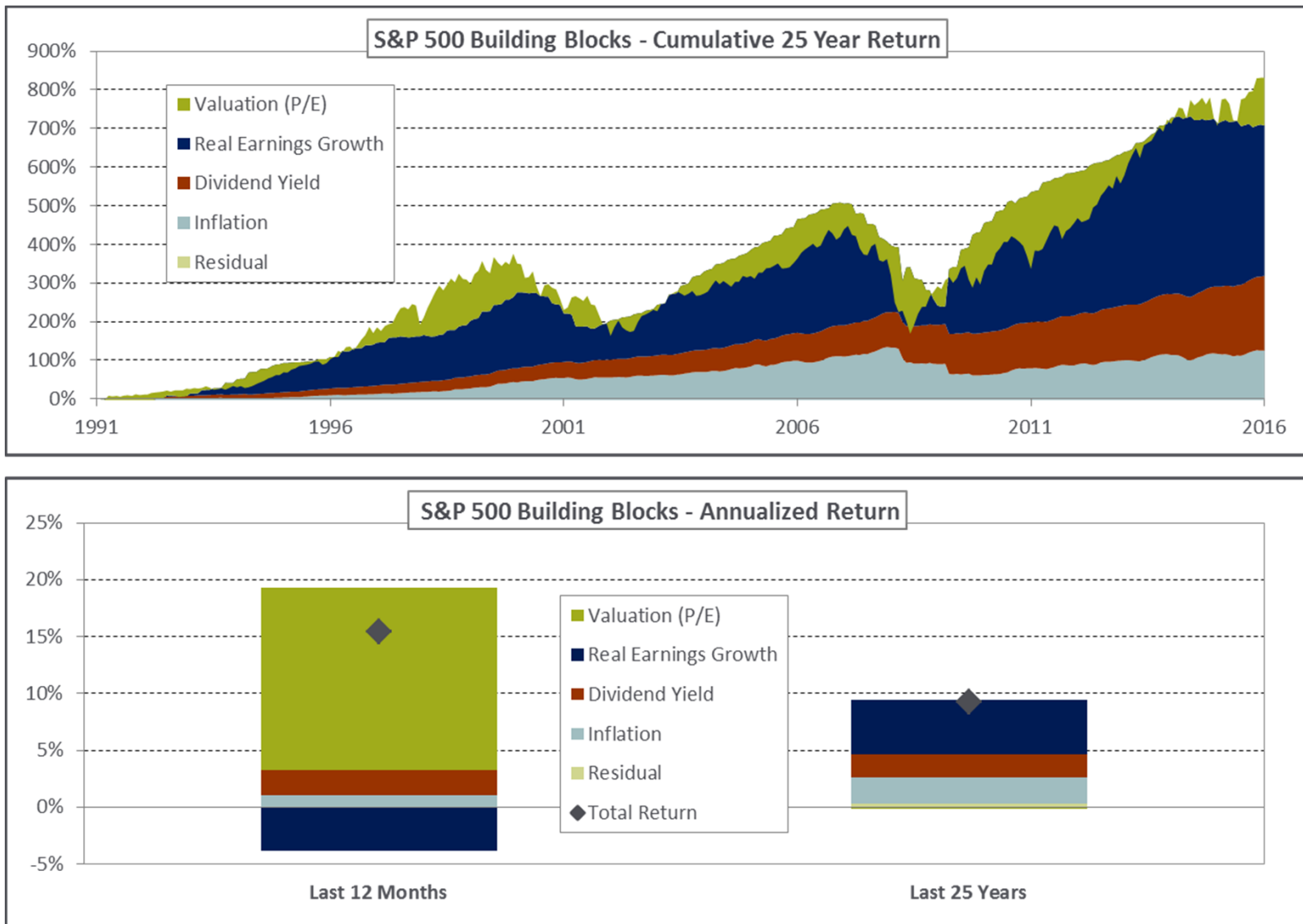
Source: Federal Reserve Bank of St. Louis

US Dollar Strength is a Headwind for Economic Activity

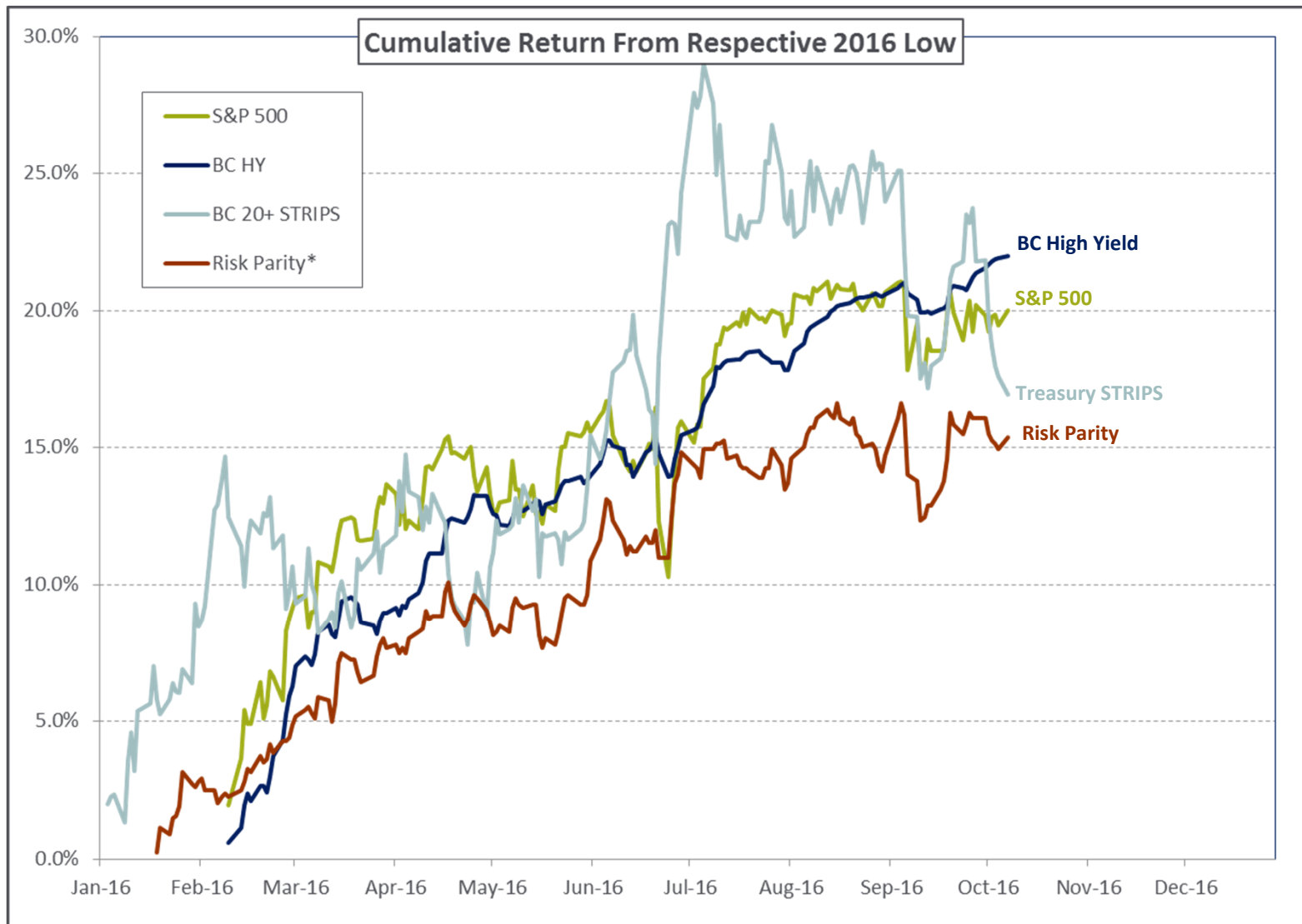


Source: Bloomberg

S&P Earnings Weakness has been Overlooked as Expanding Valuations Drive Recent Returns

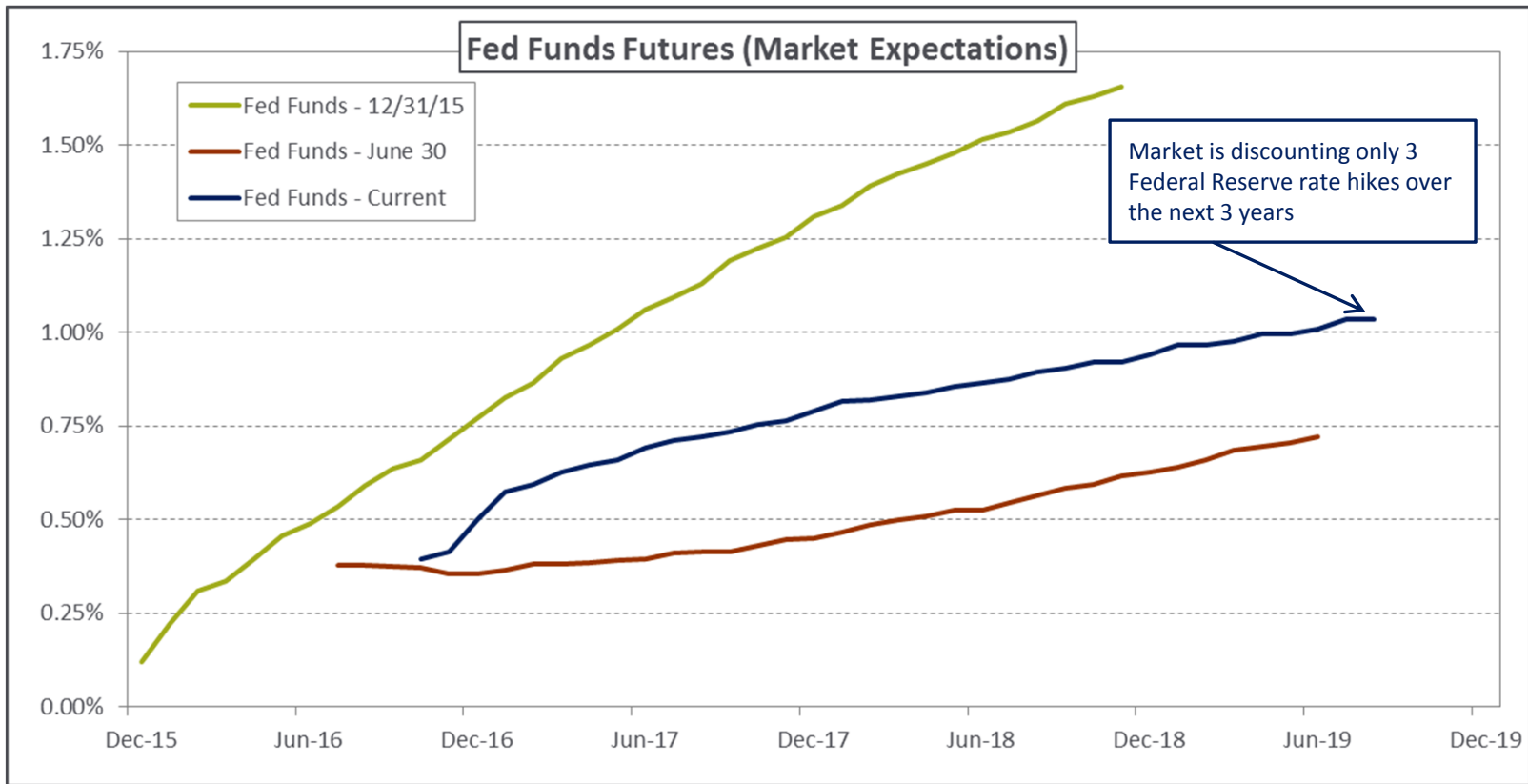


Source: Bloomberg, NEPC



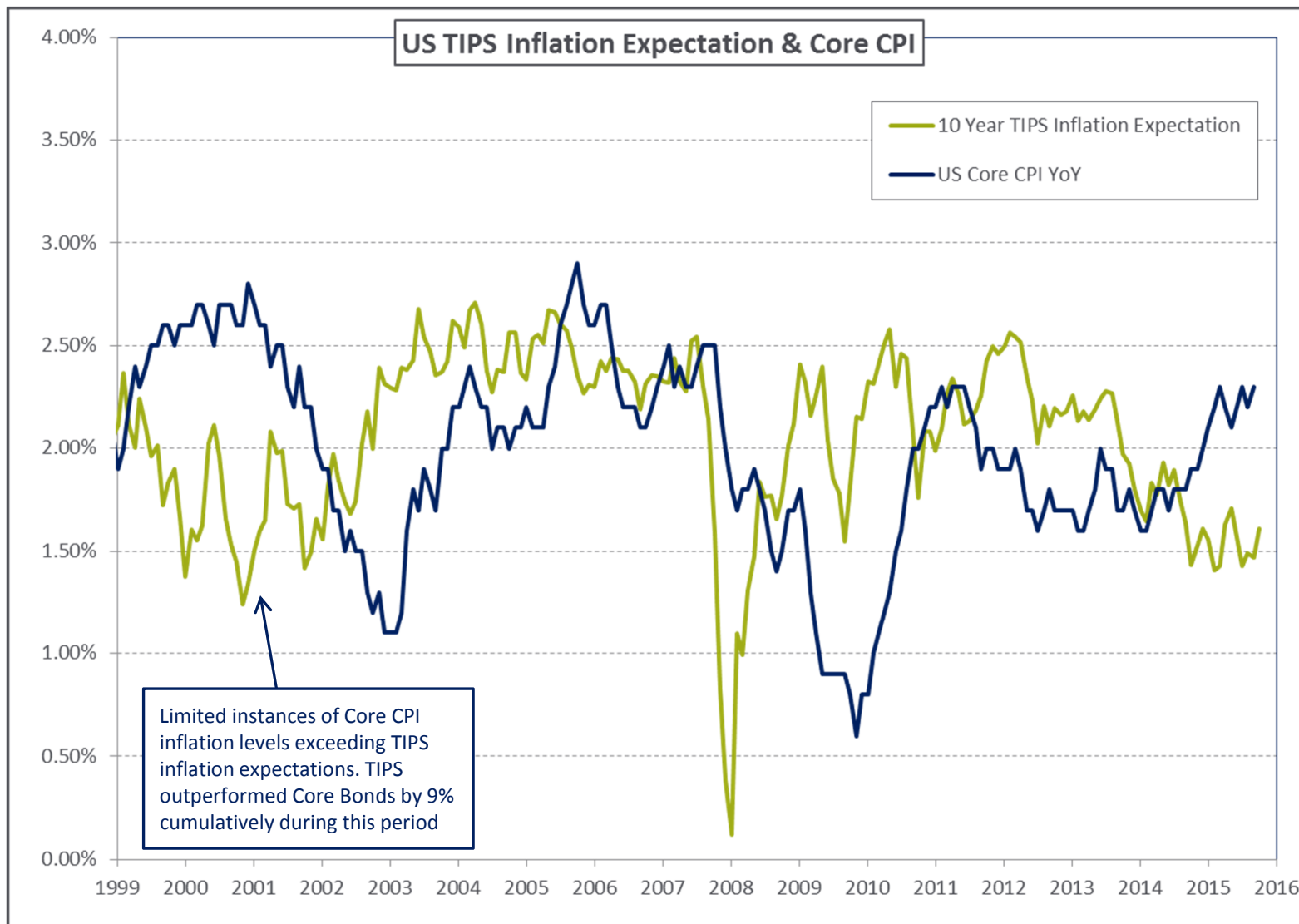
Source: Bloomberg
*AQR Risk Parity (AQRX)

Expectations of Federal Reserve Action Have Decreased Considerably



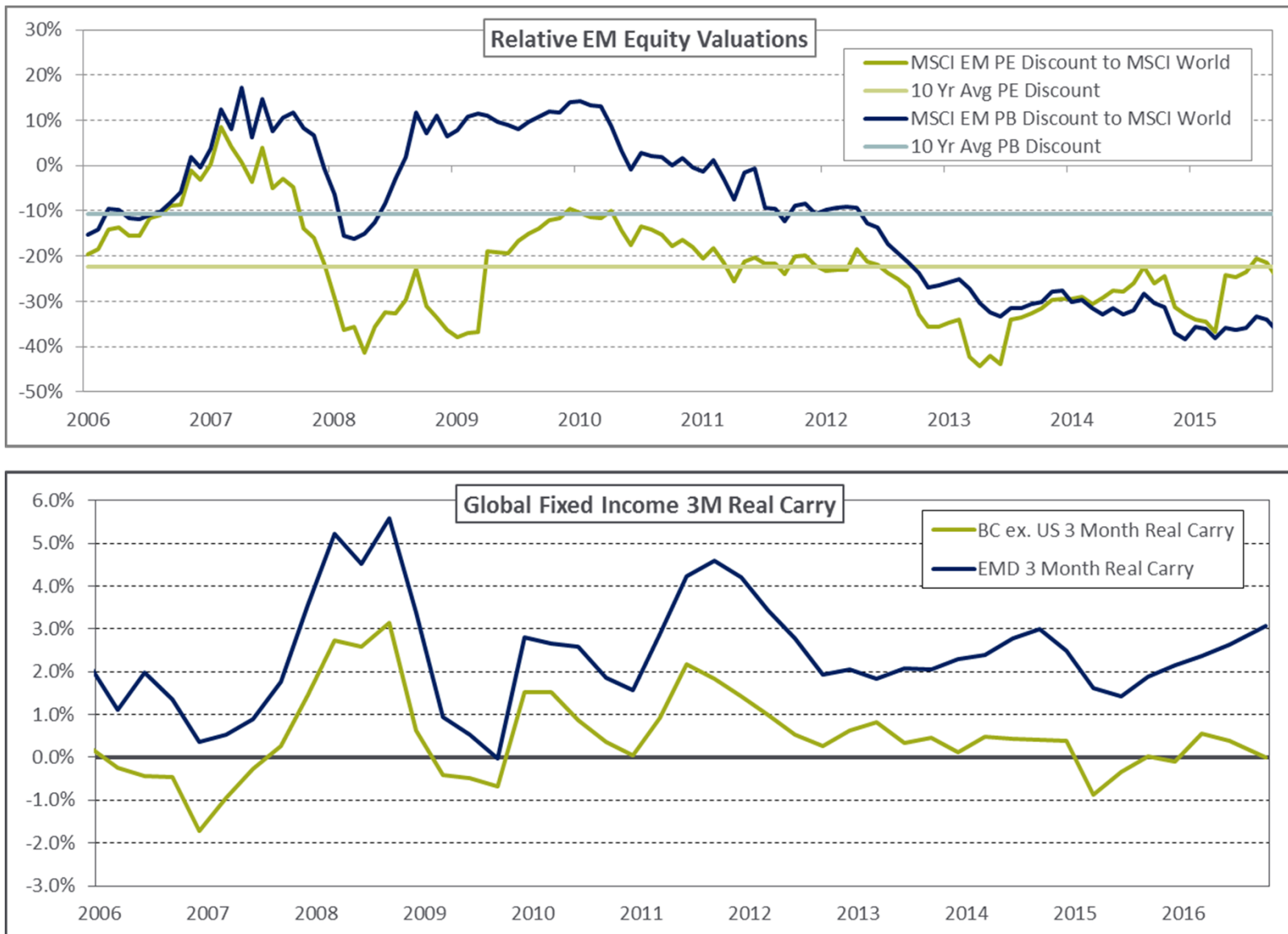
Source: Bloomberg

- **Muted, but consistent, US economic growth gives the Fed flexibility to move slowly with policy tightening**
- **Markets discounting a more muted pace increases potential for a negative Fed surprise**



Source: Bloomberg

EM Equity & Local Currency Debt Remain a Compelling Return Opportunity but With Volatility



Source: Bloomberg, NEPC

- **US economic expansion can persist: Growth cycles don't die of old age**
 - Continued growth supports positive returns in a low expected return environment
- **Populism & Political Risk: Developed and emerging world converge**
 - Populist movements are destabilizing for the established political and economic order posing a risk for global trade relationships and impacting economic uncertainty
- **Slow expectation of interest rate increases from the Federal Reserve**
 - Risks are asymmetric for a negative Fed surprise with muted rate hike outlook
- **Maintain overweight exposure to non-US developed market equities**
- **Emerging Markets offer the most attractive total return opportunity for investors in public markets**
- **Duration exposure remains necessary to mitigate market drawdowns but interest rate risk is heightened**
 - Long duration Treasuries have a place in a portfolio but size appropriately relative to risks and look to complement with relatively shorter duration TIPS

Investment Program Review



Highlights of Third Quarter Happenings at NEPC

September 30, 2016

NEPC Insights

Recent White Papers

- "DC Governance: Slaying the Hydra" (August)
- "Nonprofit Annual Audit Survival Guide" (August)
- "Class is in Session: Lawsuits Against Higher Education Retirement Plans" (September)
- Market Chatter: "NEPC's Summer Travel: Perspectives on China" (September)
- NEPC's 11th Annual Defined Contribution Plan & Fee Survey

Webinar

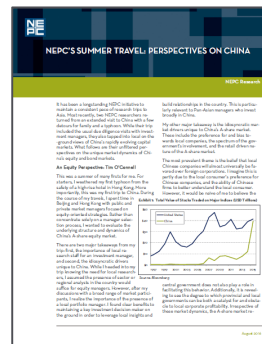
- "2016 Defined Contribution Plan & Fee Survey Webinar" (September); Panel reviewed key findings from our 11th annual NEPC 2016 Defined Contribution Plan & Fee Survey.

Video Series

- "Five Questions with Jeff Roberts on Healthcare Strategic Private Equity Investing" (July)
- "Five Questions with Richard M. Charlton" (July)
- "Discussing Pension Risk Transfers with Chris Levell and Craig Svendsen" (August)

NEPC Recognitions

We are pleased to announce that *Chief Investment Officer* published their fifth annual list of the world's most influential investment consultants featuring NEPC's **Tim McCusker, FSA, CFA, CAIA, CIO, Partner**, and **Scott Perry, CAIA, Partner**.



Upcoming Events

NEPC's 22nd Annual Investment Conference will be held on May 9-10, 2017 at the InterContinental Hotel in Boston, MA.

ESG – Clearing Up The Confusion Webinar (Coming in December)

NEPC is hosting a webinar to continue the conversation around Environmental, Social and Governance integration (ESG). We aim to help clear up the confusion around what ESG represents and why it has become a growing topic of interest. NEPC will be joined by investment managers from different asset classes who will offer their insights into how they are implementing ESG into their investment portfolios.

NEPC Gives Back

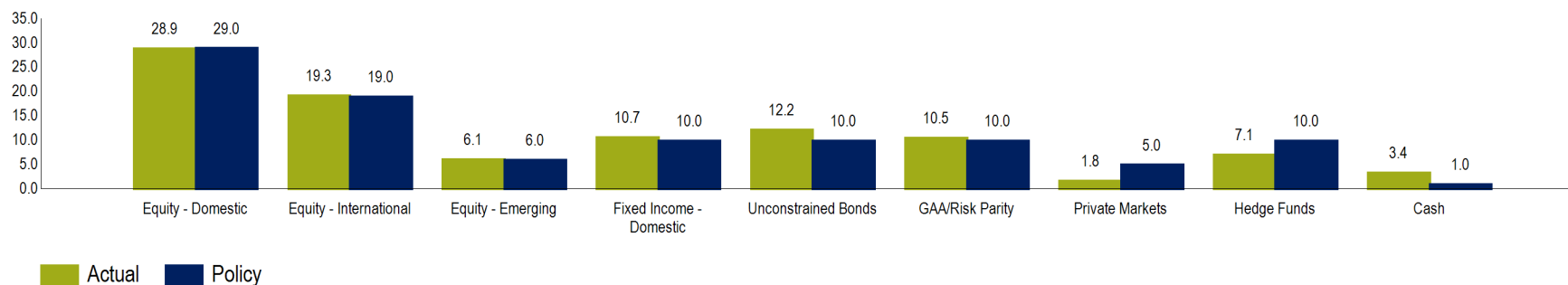
- NEPC employees went "sock-less" and participated in the *Sox for Socks* drive to support the Boston Health Care for the Homeless Program, which provides socks for the homeless men and women of Boston.
- Eighteen NEPC employees volunteered to work with Habitat for Humanity Greater Boston, stepping up to help build new homes for low-income families in need of decent and affordable housing.

Executive Summary

Total Fund Performance Summary (Gross of Fees)

	Market Value	Fiscal YTD	Rank	YTD	Rank	1 Yr	Rank	3 Yrs	Rank	5 Yrs	Rank	7 Yrs	Rank	10 Yrs	Rank
Composite	\$175,109,944	4.9%	3	5.7%	60	8.2%	59	3.8%	78	7.6%	70	7.2%	62	5.5%	33
Allocation Index		3.6%	57	6.2%	45	8.9%	46	4.5%	61	7.4%	77	6.4%	84	5.1%	58
Policy Index		3.8%	46	6.2%	46	9.0%	45	4.6%	58	7.8%	64	6.6%	80	4.7%	71
InvestorForce All Endowment \$50mm-\$250mm Gross Median		3.8%		6.0%		8.7%		5.0%		8.4%		7.4%		5.3%	

Actual vs Target Allocation (%)

Goals and Objectives

- The Endowments performance objective is to provide long-term returns that exceed inflation by 5% per annum, while maintaining moderate volatility.
- In addition, the UUA prefers to invest with managers that integrate ESG into their investment process

Recent Decisions & Action Items

- Approved an updated asset allocation structure for the Fixed Income portion of the Endowment
- Evaluate new Private Market opportunities (Actis)

Total Fund Performance

- The endowment returned 4.9% (gross of fees) during Q3 of 2016, ranking 3rd in the universe, outperforming the allocation index and policy index.
 - Active management was the primary driver of outperformance with Sands, MFS, SEG Baxter and Cevian outperforming their benchmarks over the quarter
- Over the trailing one-year period, the endowment returned 8.2% (gross of fees), ranking 59th in the universe and underperforming both the allocation and policy index.
- Over the ten-year time period, performance ranked near the top third of the peer universe.
 - Manager selection and tactical allocations have been the primary driver of overall performance

Fiscal Year End: 6/30



NEPC, LLC

September 30, 2016

Due Diligence Monitor

The items below summarize any changes or announcements from your Plan managers/funds. A "Yes" indicates there was an announcement and a brief summary is provided separately. NEPC's Due Diligence Committee meets every two weeks to review events as they relate to investment managers and determines if any action should be taken by NEPC and/or by our clients. They rate events: No Action, Watch, Hold, Client Review or Terminate. NEPC considers ourselves to be a fiduciary, as ERISA defines the term in Section 3(21).

Investment Manager	Manager Changes/ Announcements (Recent Quarter)	NEPC Due Diligence Committee Recommendations
No Due Diligence Events Over Prior Quarter	N/A	N/A

A legend key to our recommendations is provided below.

NEPC Due Diligence Committee Recommendation Key	
No Action	Informational items have surfaced; no action is recommended.
Watch	Issues have surfaced to be concerned over; manager can participate in future searches, but current and prospective clients must be made aware of the issues.
Hold	Serious issues have surfaced to be concerned over; manager cannot be in future searches unless a client specifically requests, but current and prospective clients must be made aware of the issues.
Client Review	Very serious issues have surfaced with a manager; manager cannot be in future searches unless a client specifically requests. Current clients must be advised to review the manager.
Terminate	We have lost all confidence in the product; manager would not be recommended for searches and clients would be discouraged from using. The manager cannot be in future searches unless a client specifically requests. Current clients must be advised to replace the manager.



Total Fund Summary

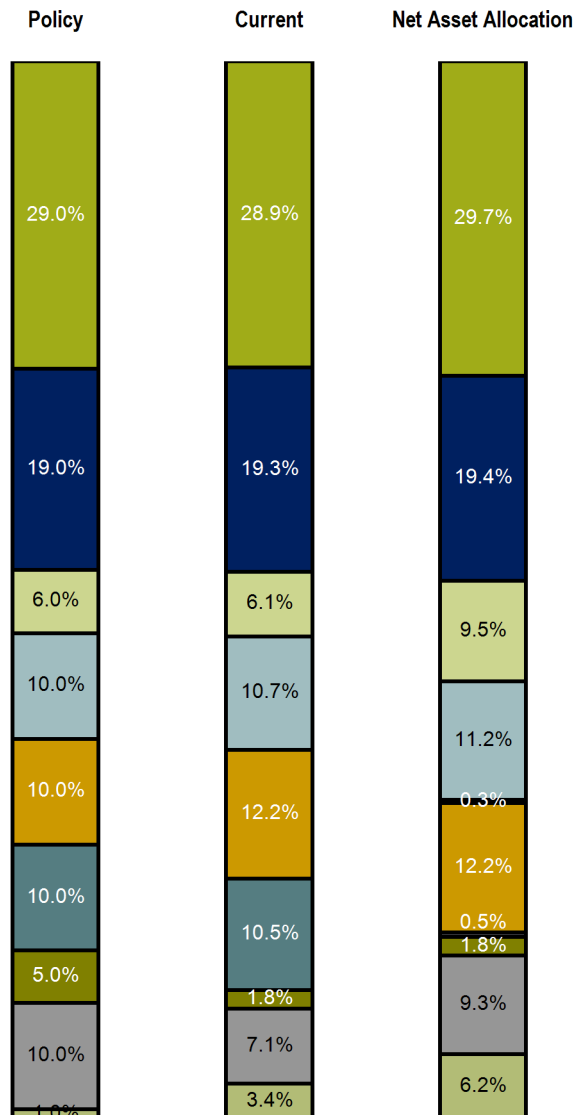
Unitarian Universalist Common Endowment Fund, LLC

Total Fund Asset Growth Summary by Manager

	Quarter Ending September 30, 2016					
	Beginning Market Value	Withdrawals	Contributions	Net Cash Flow	Net Investment Change	Ending Market Value
Baxter Street	\$3,959,881	\$0	\$4,325,000	\$4,325,000	\$308,114	\$8,592,994
Boston Common	\$11,801,435	-\$22,207	\$0	-\$22,207	\$816,657	\$12,595,885
Breckinridge	\$8,797,566	-\$753	\$0	-\$753	\$6,546	\$8,803,359
Brockton Capital Fund III	\$1,566,784	-\$10,271	\$0	-\$10,271	-\$59,549	\$1,496,964
Cash Account	\$11,849,787	-\$8,464,879	\$981,087	-\$7,483,793	\$24,531	\$4,390,525
Cevian Capital II	\$4,524,355	\$0	\$0	\$0	\$662,145	\$5,186,500
Community Development	\$1,616,689	-\$119,286	\$0	-\$119,286	\$5,692	\$1,503,095
Entrust Capital Diversified Fund	\$7,174,385	\$0	\$0	\$0	\$142,901	\$7,317,286
FEG Private Opportunities Fund	\$1,532,119	-\$20,000	\$0	-\$20,000	\$60,232	\$1,572,351
GMO Benchmark Free Allocation Fund	\$17,806,109	\$0	\$0	\$0	\$630,966	\$18,437,075
IR&M SRI Core Bond Fund	\$9,881,963	\$0	\$0	\$0	\$60,344	\$9,942,306
Loomis Sayles Strategic Alpha	\$20,991,215	-\$30,884	\$0	-\$30,884	\$388,726	\$21,349,058
MFS International Concentrated	\$11,700,202	\$0	\$0	\$0	\$893,614	\$12,593,816
Pier Capital	\$6,851,472	-\$5,885	\$0	-\$5,885	\$683,383	\$7,528,970
RBC Global Emerging Equity	\$10,241,699	-\$18,161	\$6,123	-\$12,038	\$507,185	\$10,736,846
Rhumblin	\$19,500,687	-\$1,879	\$0	-\$1,879	\$792,318	\$20,291,126
Sands	\$17,315,317	-\$1,569	\$0	-\$1,569	\$2,060,659	\$19,374,407
Wellington SMID	\$3,276,255	\$0	\$0	\$0	\$121,126	\$3,397,381
Total	\$170,387,919	-\$8,695,774	\$5,312,210	-\$3,383,565	\$8,105,590	\$175,109,944



Total Fund Asset Allocation vs. Policy Targets



Asset Allocation vs. Target

	Current	Policy	Current	Policy Range	Within Range	Net Asset Allocation
Equity - Domestic	\$50,591,884	29.0%	28.9%	22.0% - 36.0%	Yes	29.7%
Equity - International	\$33,782,695	19.0%	19.3%	14.0% - 24.0%	Yes	19.4%
Equity - Emerging	\$10,736,846	6.0%	6.1%	3.0% - 9.0%	Yes	9.5%
Fixed Income - Domestic	\$18,745,666	10.0%	10.7%	5.0% - 15.0%	Yes	11.2%
High Yield						0.3%
Unconstrained Bonds	\$21,349,058	10.0%	12.2%	5.0% - 15.0%	Yes	12.2%
Fixed Income - Emerging						0.5%
GAA	\$18,437,075	10.0%	10.5%	0.0% - 15.0%	Yes	--
Private Markets	\$3,069,315	5.0%	1.8%	0.0% - 10.0%	Yes	1.8%
Hedge Funds	\$12,503,786	10.0%	7.1%	0.0% - 15.0%	Yes	9.3%
Cash	\$5,893,620	1.0%	3.4%	0.0% - 10.0%	Yes	6.2%
Total	\$175,109,944	100.0%	100.0%			100.0%

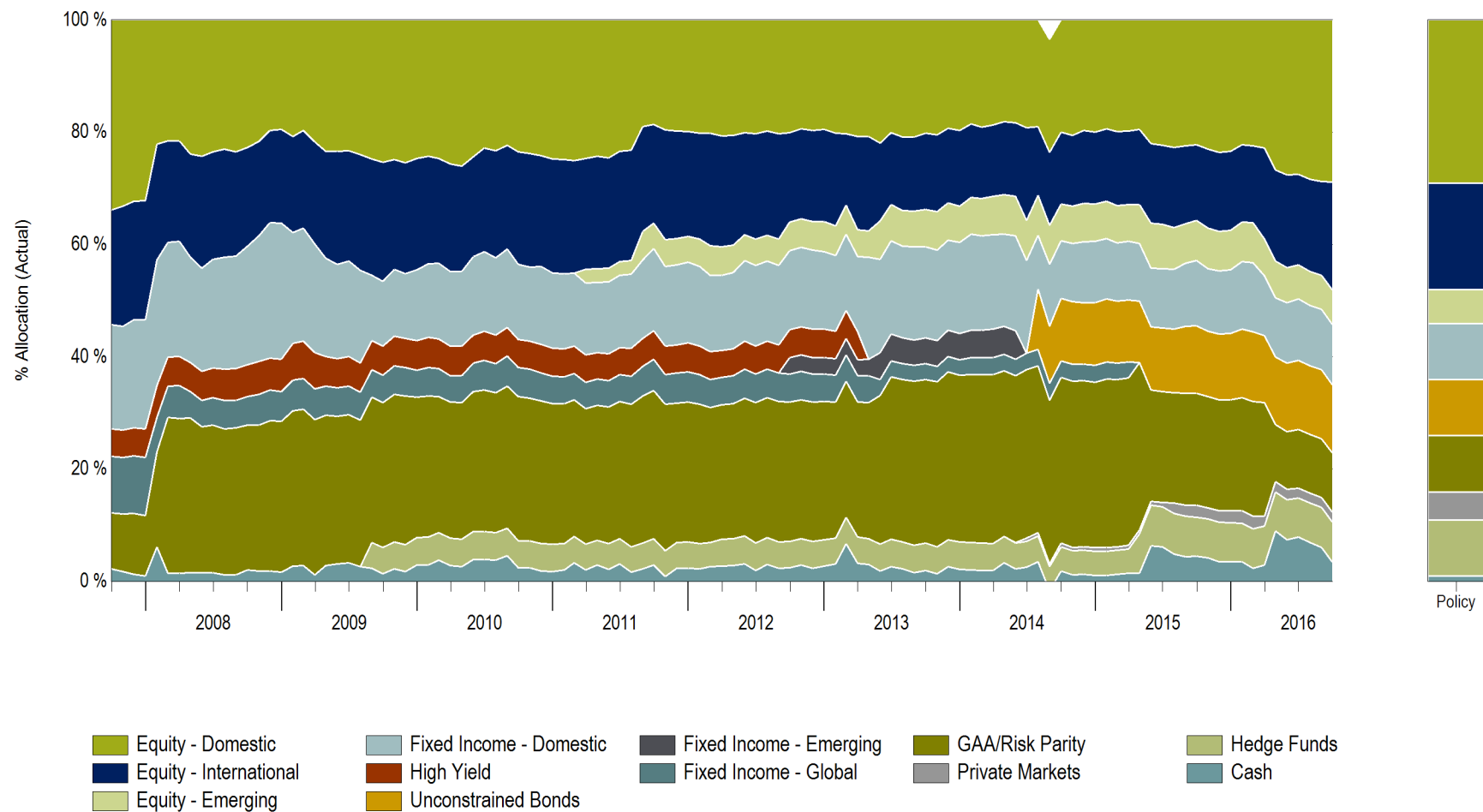
- On a look through basis, Domestic Equity is 29.7% of the fund, International Equity is 19.4% of the fund, and Emerging Market Equity is 9.5% of the fund.

- Dedicated hedge fund exposure is 7.1%, GMO has an Absolute Return allocation in their fund, increasing hedge fund exposure to 9.3%.

- Overall Fixed Income exposure is 28.2%, including GAA exposure. Dedicated Fixed income allocation has an intermediate duration.

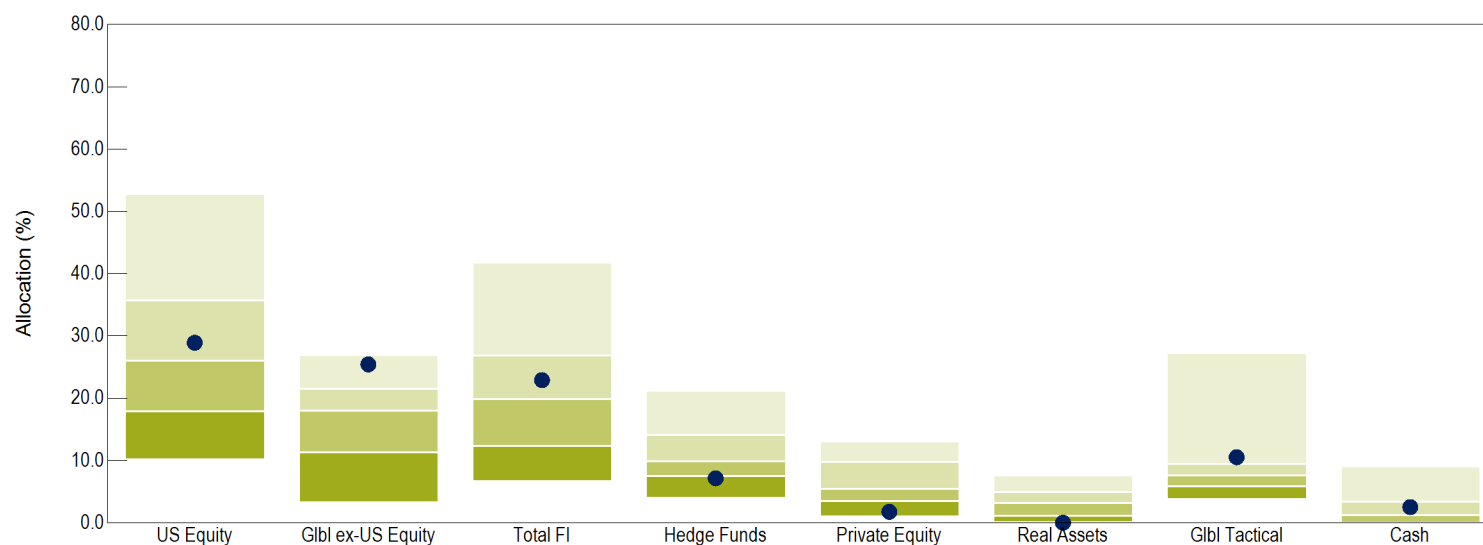
Total Fund Asset Allocation History

Asset Allocation History



Total Fund Allocations vs. Peer Universe

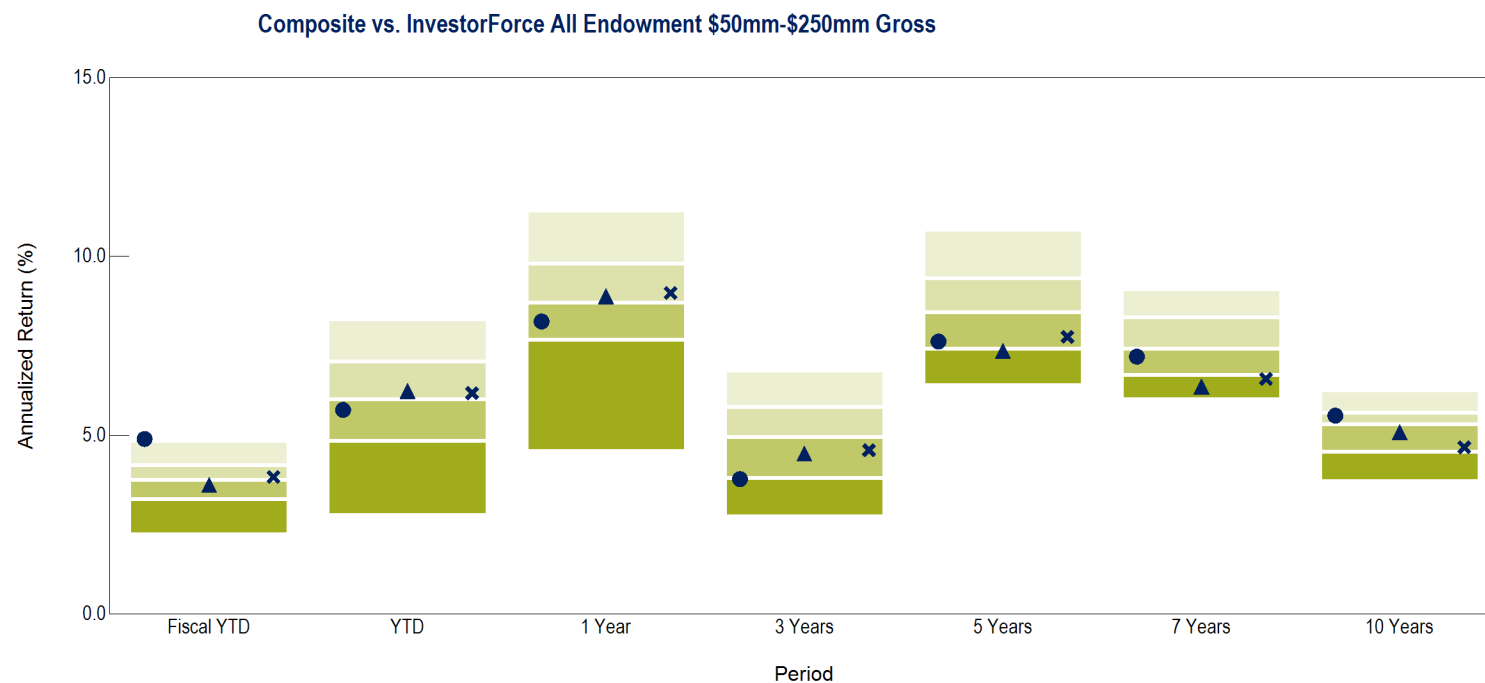
Total Plan Allocation vs. InvestorForce All Endowment \$50mm-\$250mm Gross



	Allocation (Rank)													
5th Percentile	52.8		26.9		41.8		21.2		13.0		7.6		27.3	
25th Percentile	35.8		21.6		27.0		14.2		9.9		5.1		9.5	
Median	26.1		18.2		20.0		10.0		5.5		3.3		7.8	
75th Percentile	18.0		11.5		12.4		7.6		3.6		1.3		5.9	
95th Percentile	10.3		3.4		6.8		4.1		1.1		0.2		3.9	
# of Portfolios	69		71		72		41		40		29		20	
• Composite	28.9	(39)	25.4	(9)	22.9	(39)	7.1	(78)	1.8	(91)	0.0	(99)	10.5	(16)

UUA Net Asset Allocation	29.7	28.9	24.2	9.3	1.8	0.0	-	6.2
---------------------------------	------	------	------	-----	-----	-----	---	-----

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



	Return (Rank)						
5th Percentile	4.8	8.2	11.3	6.8	10.7	9.1	6.2
25th Percentile	4.2	7.1	9.8	5.8	9.4	8.3	5.6
Median	3.8	6.0	8.7	5.0	8.4	7.4	5.3
75th Percentile	3.2	4.9	7.7	3.8	7.4	6.7	4.5
95th Percentile	2.2	2.8	4.6	2.7	6.4	6.0	3.7
# of Portfolios	77	77	76	69	63	58	50
● Composite	4.9 (3)	5.7 (60)	8.2 (59)	3.8 (78)	7.6 (70)	7.2 (62)	5.5 (33)
▲ Allocation Index	3.6 (57)	6.2 (45)	8.9 (46)	4.5 (61)	7.4 (77)	6.4 (84)	5.1 (58)
× Policy Index	3.8 (46)	6.2 (46)	9.0 (45)	4.6 (58)	7.8 (64)	6.6 (80)	4.7 (71)

Fiscal Year End: 6/30

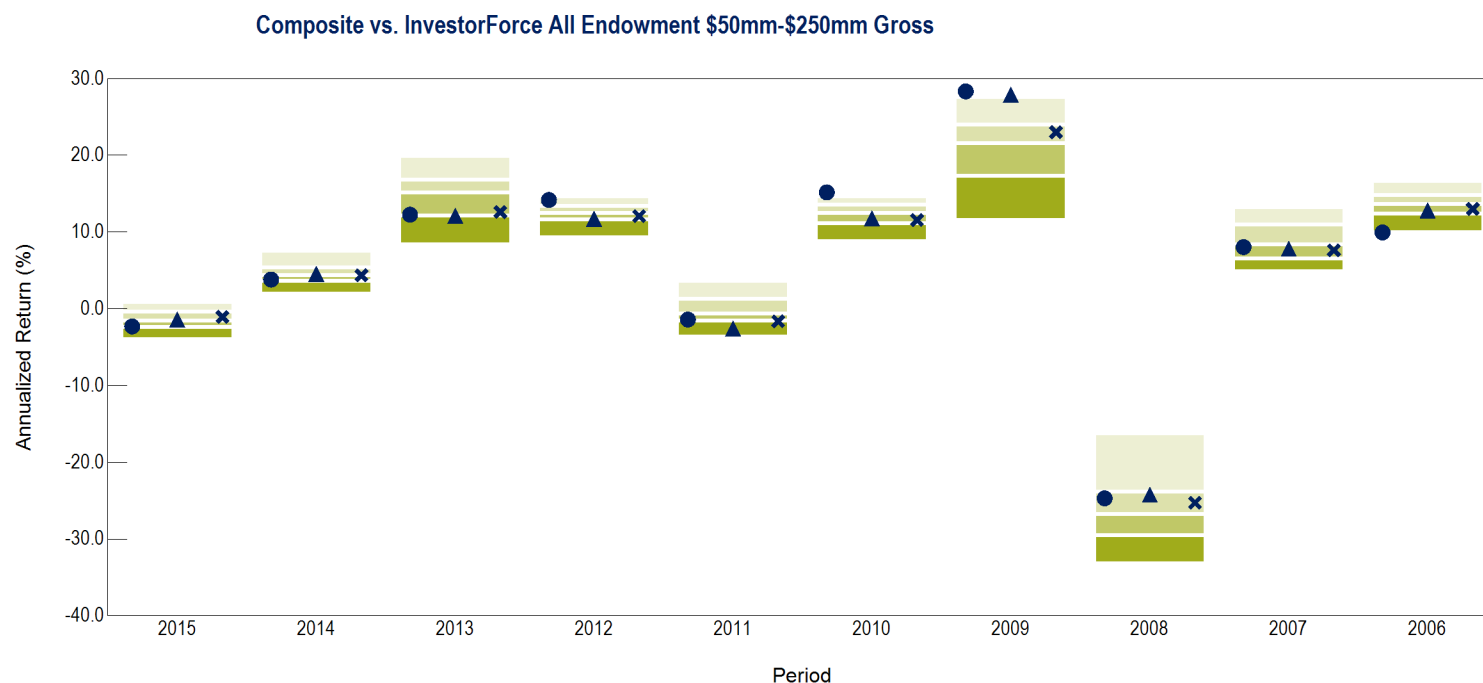


NEPC, LLC

September 30, 2016

Unitarian Universalist Common Endowment Fund, LLC

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



	Return (Rank)									
5th Percentile	0.9	7.5	19.9	14.6	3.6	14.6	27.6	-16.3	13.2	16.7
25th Percentile	-0.3	5.5	16.9	13.4	1.3	13.7	24.1	-23.8	11.0	14.9
Median	-1.5	4.4	15.2	12.5	-0.6	12.5	21.6	-26.7	8.4	13.7
75th Percentile	-2.3	3.6	12.2	11.7	-1.5	11.2	17.3	-29.4	6.6	12.5
95th Percentile	-3.9	2.0	8.4	9.4	-3.6	8.8	11.6	-33.1	4.9	10.0
# of Portfolios	80	90	81	83	82	77	75	71	68	64
● Composite	-2.3 (76)	3.8 (74)	12.3 (74)	14.2 (11)	-1.4 (73)	15.2 (3)	28.3 (5)	-24.7 (31)	8.0 (56)	9.9 (97)
▲ Allocation Index	-1.4 (49)	4.5 (46)	12.1 (76)	11.7 (74)	-2.6 (88)	11.8 (65)	27.9 (5)	-24.2 (27)	7.8 (59)	12.8 (72)
× Policy Index	-1.1 (41)	4.4 (52)	12.6 (70)	12.1 (66)	-1.6 (79)	11.6 (67)	23.0 (36)	-25.3 (37)	7.6 (60)	13.0 (70)

Unitarian Universalist Common Endowment Fund, LLC

Total Fund Performance Detail (Net of Fees)

	Market Value (\$)	% of Portfolio	Policy %	Fiscal YTD (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	7 Yrs (%)	10 Yrs (%)	Return (%)	Since
Composite	175,109,944	100.0	100.0	4.6	4.9	7.0	2.7	6.5	6.1	4.5	5.7	Jul-02
Allocation Index				3.6	6.2	8.9	4.5	7.4	6.4	5.1	6.5	Jul-02
Policy Index				3.8	6.2	9.0	4.6	7.8	6.6	4.7	--	Jul-02
Domestic Equity Composite	50,591,884	28.9	29.0	7.6	6.0	12.9	8.3	16.2	14.6	8.8	9.7	Jul-02
Russell 3000				4.4	8.2	15.0	10.4	16.4	13.2	7.4	8.2	Jul-02
Rhumbline	20,291,126	11.6	10.5	4.0	11.4	18.4	9.9	15.9	12.4	6.3	6.6	Aug-05
Russell 1000 Value				3.5	10.0	16.2	9.7	16.2	12.3	5.9	6.6	Aug-05
Sands	19,374,407	11.1	10.5	11.7	-0.4	10.8	7.6	17.0	16.7	11.3	10.7	Dec-03
Russell 1000 Growth				4.6	6.0	13.8	11.8	16.6	14.1	8.8	8.3	Dec-03
Pier Capital	7,528,970	4.3	4.0	9.7	7.3	4.5	5.9	15.3	12.9	--	9.0	Apr-07
Russell 2000 Growth				9.2	7.5	12.1	6.6	16.1	13.3	8.3	7.5	Apr-07
Wellington SMID	3,397,381	1.9	4.0	3.5	--	--	--	--	--	--	5.7	Apr-16
Russell 2500 Value				6.2	14.5	17.7	8.1	16.3	12.8	6.9	10.8	Apr-16
International Equity Composite	44,519,541	25.4	25.0	6.7	6.2	10.0	0.1	5.6	2.2	1.1	5.4	Jul-02
MSCI ACWI ex USA				6.9	5.8	9.3	0.2	6.0	3.7	2.2	6.4	Jul-02
MFS International Concentrated	12,593,816	7.2	7.0	7.6	2.4	6.8	1.0	--	--	--	3.0	Apr-13
MSCI EAFE				6.4	1.7	6.5	0.5	7.4	4.2	1.8	3.3	Apr-13
Boston Common	12,595,885	7.2	7.0	6.9	4.1	10.9	1.0	7.7	--	--	4.6	May-10
MSCI EAFE				6.4	1.7	6.5	0.5	7.4	4.2	1.8	4.4	May-10
Baxter Street	8,592,994	4.9	5.0	7.8	--	--	--	--	--	--	6.7	Apr-16
MSCI ACWI ex USA				6.9	5.8	9.3	0.2	6.0	3.7	2.2	6.2	Apr-16
RBC Global Emerging Equity	10,736,846	6.1	6.0	4.8	--	--	--	--	--	--	4.8	Jul-16
MSCI Emerging Markets				9.0	16.0	16.8	-0.6	3.0	2.3	3.9	9.0	Jul-16
Fixed Income Composite	40,094,723	22.9	20.0	1.1	4.6	3.9	3.2	4.4	5.4	5.4	4.7	Jul-02
Barclays Aggregate				0.5	5.8	5.2	4.0	3.1	4.1	4.8	4.8	Jul-02
Loomis Sayles Strategic Alpha	21,349,058	12.2	10.0	1.7	4.2	3.2	--	--	--	--	1.4	Aug-14
Barclays Aggregate				0.5	5.8	5.2	4.0	3.1	4.1	4.8	3.9	Aug-14
3-Month LIBOR + 3%				1.0	2.8	3.6	3.4	3.4	3.4	4.4	3.4	Aug-14
Breckinridge	8,803,359	5.0	5.0	0.1	3.9	3.6	--	--	--	--	3.2	Nov-14
Barclays Int Govt/Credit				0.2	4.2	3.5	2.8	2.4	3.3	4.2	2.9	Nov-14
IR&M SRI Core Bond Fund	9,942,306	5.7	5.0	0.5	6.2	5.4	--	--	--	--	3.2	Apr-15
Barclays Aggregate				0.5	5.8	5.2	4.0	3.1	4.1	4.8	3.1	Apr-15

Unitarian Universalist Common Endowment Fund, LLC

Total Fund Performance Detail (Net of Fees)

	Market Value (\$)	% of Portfolio	Policy %	Fiscal YTD (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	7 Yrs (%)	10 Yrs (%)	Return (%)	Since
GTAA Composite	18,437,075	10.5	10.0	3.5	5.7	6.0	2.3	5.1	5.6	--	4.3	Jan-08
65% MSCI ACWI (Net) / 35% BC Agg				3.6	6.5	9.8	4.9	8.1	6.7	4.9	3.7	Jan-08
GMO Benchmark Free Allocation Fund	18,437,075	10.5	10.0	3.5	4.6	6.2	1.6	5.0	4.9	--	3.8	Jan-08
65% MSCI World (Net) /35% BC Agg				3.3	5.8	9.4	5.4	8.8	7.2	4.9	4.0	Jan-08
CPI + 5% (Unadjusted)				1.4	5.9	6.5	6.1	6.3	6.7	6.8	6.7	Jan-08
Hedge Fund Composite	12,503,786	7.1	10.0	6.9	4.0	4.6	-0.4	2.9	3.6	--	4.2	Aug-09
HFRI Fund of Funds Composite Index				2.5	-0.2	0.5	2.2	3.2	2.5	1.8	2.8	Aug-09
Entrust Capital Diversified Fund	7,317,286	4.2	5.0	2.0	-1.5	-3.9	-1.1	2.5	3.3	--	3.9	Aug-09
HFRI Fund of Funds Composite Index				2.5	-0.2	0.5	2.2	3.2	2.5	1.8	2.8	Aug-09
Cevian Capital II	5,186,500	3.0	3.0	14.6	12.9	19.6	--	--	--	--	-3.8	Apr-15
HFRX Event Driven Index				3.8	7.2	6.5	-0.6	3.0	1.9	1.1	-1.1	Apr-15
MSCI EAFE				6.4	1.7	6.5	0.5	7.4	4.2	1.8	-2.5	Apr-15
Private Markets/Opportunistic	3,069,315	1.8	5.0	0.0	-1.8	1.3	--	--	--	--	5.3	May-14
Private Markets Custom Benchmark				4.0	6.8	7.7	--	--	--	--	9.9	May-14
FEG Private Opportunites Fund	1,572,351	0.9										
Private Equity Benchmark												
Brockton Capital Fund III	1,496,964	0.9										
NCREIF Property Index												
Cash	4,390,525	2.5	0.0	0.3	-0.2	0.1	0.3	0.2	--	--	1.0	Dec-10
91 Day T-Bills				0.1	0.2	0.2	0.1	0.1	0.1	0.8	0.1	Dec-10
Community Development	1,503,095	0.9	1.0	0.4	0.8	1.0	1.1	1.3	1.5	--	1.8	Jul-07
91 Day T-Bills				0.1	0.2	0.2	0.1	0.1	0.1	0.8	0.4	Jul-07

Fiscal Year End: 6/30

GMO Benchmark Free Allocation Fund from May 2013, returns are for the GMO Global Balanced Fund.

Private Markets Custom Benchmark consists of Cambridge Associates US Private Equity Index prior to 4/1/2015 and Cambridge Associates Global All Private Equity Vintage Year 2013+ 1 Qtr Lag benchmark post 4/1/2015.

Year 2013+ 1 Qtr Lag benchmark post 4/1/2015.

Cash market Value includes \$254,125 adjustment for pending capital additions into the UUA Endowment Fund.

Unitarian Universalist Association of Congregations

Performance Analysis

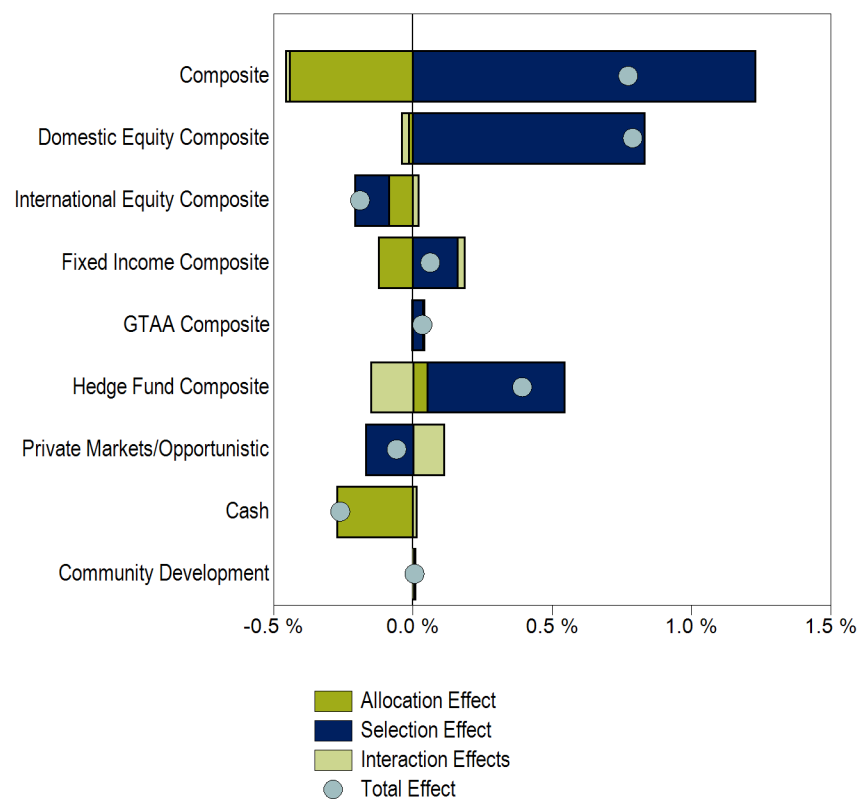
6/30/2016

Investment Name	Vintage Year	Commitment Amount	Paid in Capital	Capital to be Funded	Additional Fees	Cumulative Distributions	Valuation	Total Value	Net Benefit	Call Ratio	DPI Ratio	TVPI Ratio	IRR
1 Brockton Capital Fund III	2015	4,544,576	1,544,118	3,000,458	16,095	0	1,081,583	1,081,583	-478,630	34%	0.00	0.69	-27.87%
2 FEG Private Opportunities Fund	2012	2,000,000	1,677,000	323,000	2,707	352,647	1,592,351	1,944,998	265,291	84%	0.21	1.16	7.16%
Total: Unitarian Universalist Association of Congregations		6,544,576	3,221,118	3,323,458	18,802	352,647	2,673,934	3,026,581	-213,339	49%	0.11	0.93	-4.27%

Unitarian Universalist Common Endowment Fund, LLC

Total Fund Attribution Analysis (Gross of Fees)

Attribution Effects Relative to Policy Index
3 Months Ending Sep 30, 2016



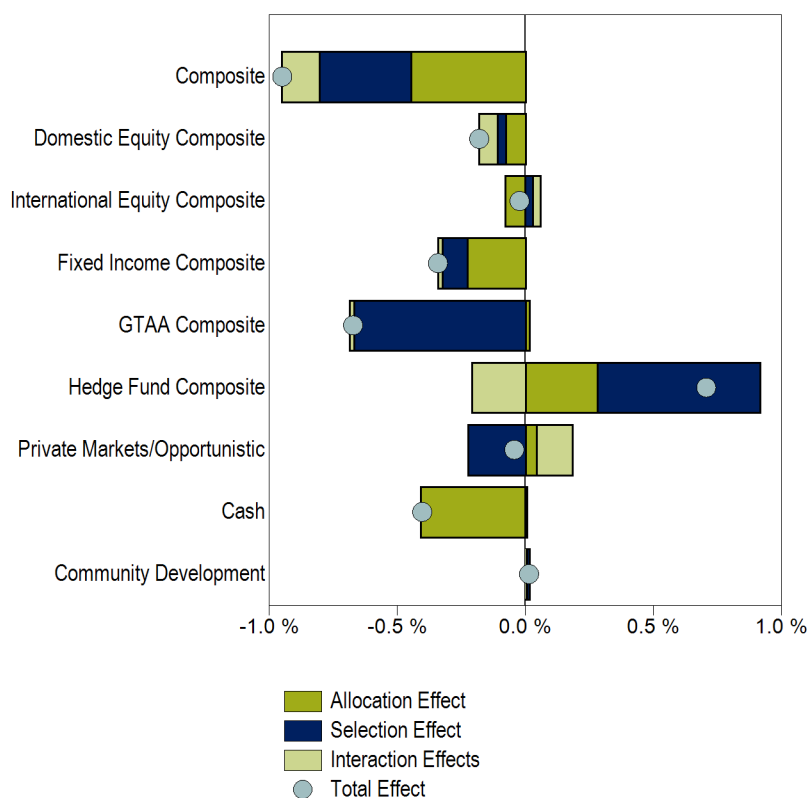
Attribution Summary
3 Months Ending September 30, 2016

	Wtd. Actual Return	Wtd. Index Return	Excess Return	Selection Effect	Allocation Effect	Interaction Effects	Total Effects
Domestic Equity Composite	7.8%	4.9%	2.9%	0.8%	0.0%	0.0%	0.8%
International Equity Composite	6.9%	7.4%	-0.5%	-0.1%	-0.1%	0.0%	-0.2%
Fixed Income Composite	1.2%	0.4%	0.8%	0.2%	-0.1%	0.0%	0.1%
GTAA Composite	3.7%	3.3%	0.4%	0.0%	0.0%	0.0%	0.0%
Hedge Fund Composite	7.3%	2.4%	4.8%	0.5%	0.1%	-0.1%	0.4%
Private Markets/Opportunistic	0.7%	4.0%	-3.3%	-0.2%	0.0%	0.1%	-0.1%
Cash	0.3%	0.1%	0.2%	0.0%	-0.3%	0.0%	-0.3%
Community Development	0.4%	0.1%	0.3%	0.0%	0.0%	0.0%	0.0%
Total	4.9%	4.1%	0.8%	1.2%	-0.4%	0.0%	0.8%

Unitarian Universalist Common Endowment Fund, LLC

Total Fund Attribution Analysis (Gross of Fees)

Attribution Effects Relative to Policy Index
1 Year Ending Sep 30, 2016



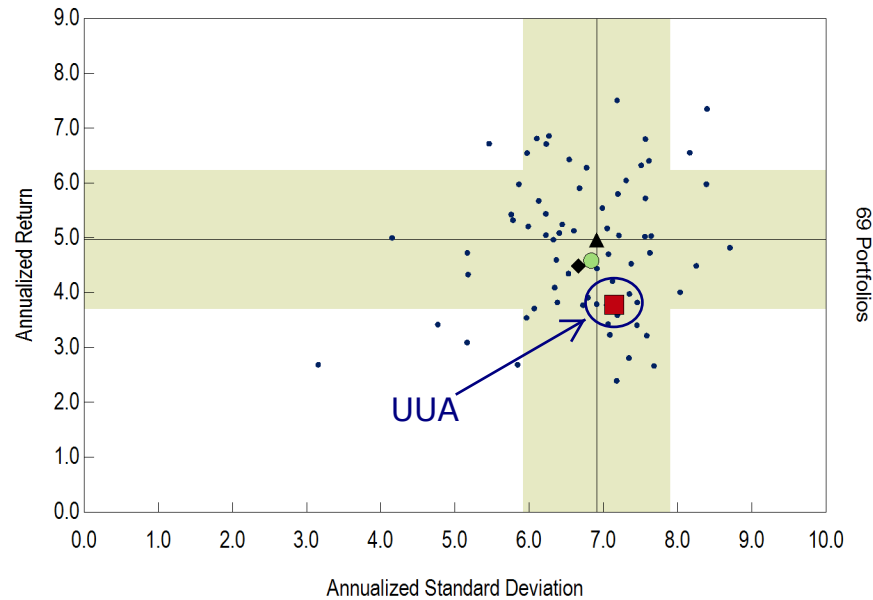
Attribution Summary
1 Year Ending September 30, 2016

	Wtd. Actual Return	Wtd. Index Return	Excess Return	Selection Effect	Allocation Effect	Interaction Effects	Total Effects
Domestic Equity Composite	13.5%	14.6%	-1.2%	0.0%	-0.1%	0.0%	-0.1%
International Equity Composite	10.8%	10.3%	0.5%	0.0%	-0.1%	0.0%	-0.1%
Fixed Income Composite	4.4%	4.8%	-0.4%	-0.1%	-0.2%	0.0%	-0.3%
GTAA Composite	6.5%	9.8%	-3.3%	-0.7%	0.0%	0.0%	-0.7%
Hedge Fund Composite	6.1%	0.5%	5.6%	0.6%	0.3%	-0.2%	0.7%
Private Markets/Opportunistic	3.2%	7.7%	-4.4%	-0.2%	0.0%	0.1%	0.0%
Cash	0.1%	0.2%	-0.1%	0.0%	-0.5%	0.0%	-0.5%
Community Development	1.0%	0.2%	0.8%	0.0%	0.0%	0.0%	0.0%
Total	8.2%	9.3%	-1.1%	-0.4%	-0.6%	-0.1%	-1.1%

Unitarian Universalist Common Endowment Fund, LLC

Total Fund Risk/Return (Gross of Fees)

3 Years Ending September 30, 2016

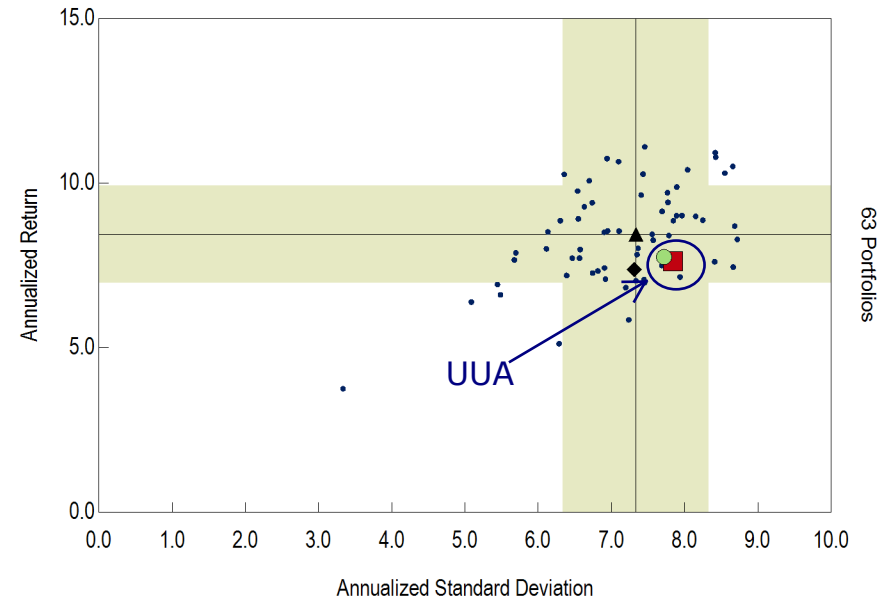


- Composite
- ◆ Allocation Index
- Policy Index
- ▲ Universe Median
- 68% Confidence Interval
- InvestorForce All Endowment \$50mm-\$250mm Gross

3 Years Ending September 30, 2016

	Anlzd Ret	Rank	Anlzd Std Dev	Rank	Sharpe Ratio	Rank	Info Ratio	Rank
Composite	3.77%	78	7.14%	63	0.52	85	-0.60	82
Allocation Index	4.49%	61	6.66%	44	0.66	56	--	--
Policy Index	4.58%	58	6.84%	50	0.66	56	0.25	33

5 Years Ending September 30, 2016



- Composite
- ◆ Allocation Index
- Policy Index
- ▲ Universe Median
- 68% Confidence Interval
- InvestorForce All Endowment \$50mm-\$250mm Gross

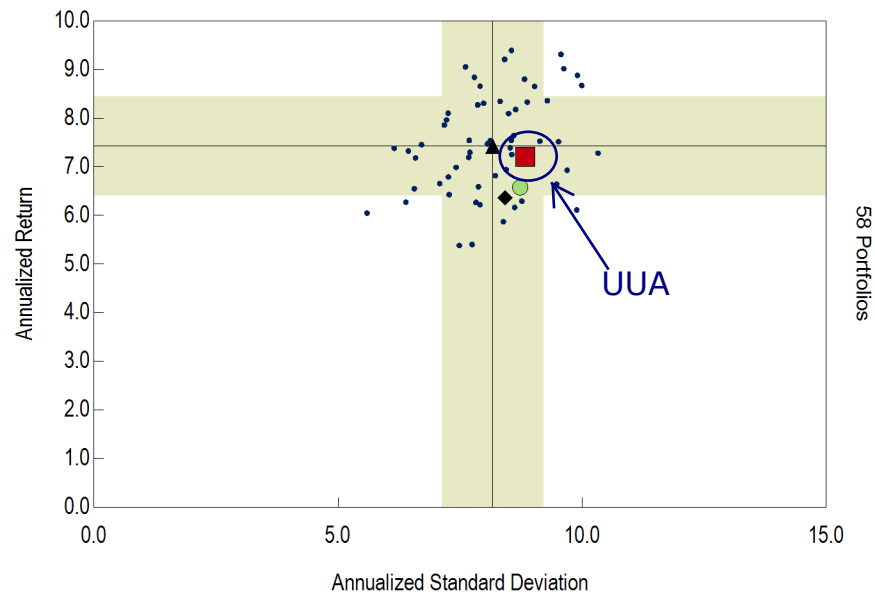
5 Years Ending September 30, 2016

	Anlzd Ret	Rank	Anlzd Std Dev	Rank	Sharpe Ratio	Rank	Info Ratio	Rank
Composite	7.62%	70	7.84%	76	0.96	85	0.21	44
Allocation Index	7.36%	77	7.31%	50	1.00	81	--	--
Policy Index	7.75%	64	7.72%	69	0.99	81	0.62	21

Unitarian Universalist Common Endowment Fund, LLC

Total Fund Risk/Return (Gross of Fees)

7 Years Ending September 30, 2016

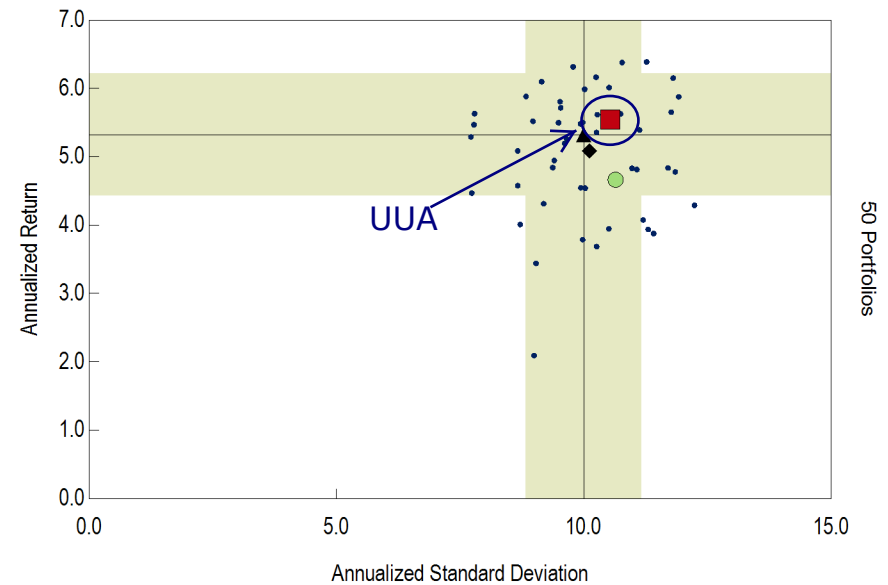


- Composite
- ◆ Allocation Index
- Policy Index
- ▲ Universe Median
- 68% Confidence Interval
- InvestorForce All Endowment \$50mm-\$250mm Gross

7 Years Ending September 30, 2016

	Anlzd Ret	Rank	Anlzd Std Dev	Rank	Sharpe Ratio	Rank	Info Ratio	Rank
Composite	7.20%	62	8.84%	78	0.81	80	0.63	21
Allocation Index	6.36%	84	8.42%	57	0.75	85	--	--
Policy Index	6.57%	80	8.73%	74	0.74	86	0.33	43

10 Years Ending September 30, 2016



- Composite
- ◆ Allocation Index
- Policy Index
- ▲ Universe Median
- 68% Confidence Interval
- InvestorForce All Endowment \$50mm-\$250mm Gross

10 Years Ending September 30, 2016

	Anlzd Ret	Rank	Anlzd Std Dev	Rank	Sharpe Ratio	Rank	Info Ratio	Rank
Composite	5.55%	33	10.54%	70	0.45	51	0.31	37
Allocation Index	5.09%	58	10.12%	54	0.43	62	--	--
Policy Index	4.66%	71	10.64%	71	0.37	78	-0.31	86



NEPC, LLC

September 30, 2016

Unitarian Universalist Common Endowment Fund, LLC

Total Fund Risk Statistics

3 Years Ending September 30, 2016

	% of Tot	Anlzd Ret	Rank	Anlzd Std Dev	Rank	Sharpe Ratio	Rank	Info Ratio	Rank
Composite	100.00%	3.77%	78	7.14%	63	0.52	85	-0.60	82
Allocation Index	--	4.49%	61	6.66%	44	0.66	56	--	--
Domestic Equity Composite	28.89%	8.89%	56	12.47%	57	0.71	58	-0.42	64
Russell 3000	--	10.44%	32	10.98%	26	0.94	27	--	--
International Equity Composite	25.42%	0.81%	80	12.42%	59	0.06	80	0.29	74
MSCI ACWI ex USA	--	0.18%	87	12.69%	67	0.01	87	--	--
Fixed Income Composite	22.90%	3.59%	45	2.29%	8	1.53	18	-0.21	51
Barclays Aggregate	--	4.03%	37	2.61%	13	1.51	19	--	--
GTAA Composite	10.53%	2.88%	97	6.46%	19	0.43	91	-0.83	99
65% MSCI ACWI (Net) / 35% BC Agg	--	4.93%	84	7.38%	49	0.66	81	--	--
Hedge Fund Composite	7.14%	0.99%	80	8.65%	89	0.10	84	-0.19	70
HFRI Fund of Funds Composite Index	--	2.16%	54	3.62%	31	0.57	37	--	--

5 Years Ending September 30, 2016

	% of Tot	Anlzd Ret	Rank	Anlzd Std Dev	Rank	Sharpe Ratio	Rank	Info Ratio	Rank
Composite	100.00%	7.62%	70	7.84%	76	0.96	85	0.21	44
Allocation Index	--	7.36%	77	7.31%	50	1.00	81	--	--
Domestic Equity Composite	28.89%	16.75%	38	13.07%	54	1.28	47	0.11	35
Russell 3000	--	16.36%	46	11.43%	22	1.42	22	--	--
International Equity Composite	25.42%	6.36%	88	14.01%	60	0.45	89	0.14	87
MSCI ACWI ex USA	--	6.04%	93	14.23%	69	0.42	94	--	--
Fixed Income Composite	22.90%	4.85%	37	3.45%	18	1.38	27	0.68	29
Barclays Aggregate	--	3.08%	62	2.66%	8	1.13	39	--	--
GTAA Composite	10.53%	5.69%	96	6.79%	13	0.83	97	-0.86	99
65% MSCI ACWI (Net) / 35% BC Agg	--	8.12%	94	8.02%	64	1.00	93	--	--



Investment Policy Statement Review



the alignment of its financial assets with its values. As practical, every search for professional investment managers shall include at least one firm with expertise in SRI in the asset class under review.

Unitarian Universalist values that shall inform investment decisions have been expressed in General Assembly resolutions and Statements of Immediate Witness, Board resolutions, and the UUA's Principles and Purposes.

The Investment Committee and the UUA Board's Socially Responsible Investment Committee shall develop an ongoing process to assess the effectiveness of the UUA's SRI policies and practices. The committees shall also assist staff in developing coalitions (among Unitarian Universalist and other like-minded organizations, both faith-based and secular) to achieve SRI goals, and to expand services to member congregations and individual UUs regarding SRI practices that embody UU values.

INVESTMENT COMMITTEE GUIDELINES

I. RESPONSIBILITY FOR THE MANAGEMENT OF INVESTMENTS

A. The Investment Committee:

The Unitarian Universalist Investment Committee ("Investment Committee") has responsibility for the following with respect to the Unitarian Universalist Association's Provisions Concerning Authority for Investment Decisions of the UUCEF LLC ("Investment Policy").

1. In order to have a reasonable probability of achieving the Target Return Objective (defined below) at an acceptable risk level, the Investment Committee sets target weightings for each asset class within the portfolio as well as ranges of expected exposure. These are detailed in the Asset Allocation Policy below. The Investment Committee adjusts these targets from time to time based on changing market conditions and opportunities. The Treasurer will review the actual asset allocation on a quarterly basis and rebalance as close as is practical to the target allocations. During periods when the Endowment Fund experiences cash inflows or outflows, funds will either be contributed to the most underweight asset classes or redeemed from the most overweight asset classes, as is permitted by liquidity terms and asset allocation structure.

2. The Investment Committee regularly assesses the performance of the Unitarian Universalist Common Endowment Fund (the "UUCEF" or the "Fund") by comparing results to several benchmarks.

The "Policy Index" is the composite return of the portfolio with the appropriate index return for each asset class (e.g. the S&P 500 for large cap US equities) weighted according to the target allocation of assets within the portfolio. The Policy Index is calculated by multiplying the target commitment to each asset class (stocks, bonds, etc.) by the rate of return of the appropriate market index (S&P for stocks, Barclay's Aggregate for bonds, etc.). The resultant average represents investment return that the overall investment program would have earned if the Fund structure were identical to the policy targets and the component returns identical to market index levels.

The "Allocation Index" is the composite return of the portfolio with the appropriate index return for each asset class weighted according to the actual allocation of assets within the portfolio. The actual composite return compared to the Allocation Index shows the value added (or deducted) by the active management of the Fund's investment managers (the UUCEF uses money management firms to govern the assets in the Fund, each with its own specialty, which are referred to herein as "Investment Managers").

The Target Return Objective (defined below) is 5% plus inflation. This is the long-term goal sought by the Investment Committee for the Fund.

B, Investment Managers:

The Investment Managers will be responsible for managing the funds allocated to them and for selecting investment strategy and to the extent that the UUCEF assets are managed directly for the account of the UUCEF, implementing security selection within limitations of these Investment Committee Guidelines ("IC Guidelines") and the Investment Policy and, with respect and to the extent that the assets are directly managed on behalf of the UUA and in certain selected investment vehicles, the Socially Responsible Investing Guidelines ("SRI Guidelines") or other applicable socially responsible investing criteria (together the Investment Policy, IC Guidelines and the SRI Guidelines being the "Policies and Guidelines").

C. Investment Consultant:

1. The Investment Consultant shall assist the Committee in developing and modifying policy objectives and guidelines, including the development of asset allocation strategies, recommendations on long-term asset allocation, and the appropriate mix of investment manager styles and strategies.
2. The consultant shall also provide assistance in manager searches and selection and in investment performance calculation, evaluation, and analysis.
3. The consultant shall provide timely information, written and/or oral, on investment strategies, instruments, managers and other related issues, as requested by the Committee.

D. Custodian:

1. Protecting and safeguarding the assets maintained under its control.
2. Managing all "idle" cash that is not invested by investment managers.
3. Making payments from the Plan to such participants or beneficiaries as directed and as permitted by the Plan documents, including qualified expenses.
4. Providing a written account of all investments and all receipts, disbursements, income, expenses and other transactions of the Plan at month end.
5. Unless otherwise directed, filing and collecting on securities class action suits for applicable separate accounts.

II. INVESTMENT OBJECTIVES AND PORTFOLIO COMPOSITION

A. Investment Objectives

The Fund's Target Return Objective is a real return of 5%, which is a return of 5% after management expenses net of investment management fees and adjusting for inflation ("Target Return Objective"). In order to have a reasonable expectation of meeting the Fund's goals and objectives, the Investment Committee has adopted the Asset Allocation Policy below.

Total portfolio risk exposure and risk-adjusted returns will be regularly evaluated and compared with a universe of similar funds for the Fund and each Investment Manager.

Investment Managers shall be measured against the designated benchmark index noted below.

Asset Class	Benchmark	Asset Class Universe	Style Universe
Domestic Equity Composite	Russell 3000	Equity Funds	NA
Domestic Large Cap Equity	S&P 500	Large Cap Equity Funds	NA
Domestic Large Cap Growth	Russell 1000 Growth		Large Growth
Domestic Large Cap Value	Russell 1000 Value		Large Value
Domestic Small Cap Equity	Russell 2000	Small Cap Equity Funds	NA
Domestic Small Cap Growth	Russell 2000 Growth		Small Growth
Domestic Small Cap Value	Russell 2000 Value		Small Value
International Equity	MSCI ACWI ex US	International Equity	
Emerging Market Equity	MSCI EM	Emerging Equity	

Asset Class	Benchmark	Asset Class Universe	Style Universe
Core Fixed Income		Core Fixed Income	
	Barclay's U.S. Aggregate		
High Yield Fixed Income	Merrill Lynch High Yield BB/B	High Yield	High Yield Bonds
Credit Opportunities	50% BC Credit, 25% S&P LSTA; 25% BC HY		
Global Fixed Income	Citigroup World Gov't	Global Bond Funds	NA
Emerging Market Debt	JP Morgan EMBI Global Diversified	Emerging Market Local Currency Debt	
<u>Global Multi-Sector Fixed Income</u>	<u>Barclays Global Aggregate</u>	<u>Global Bond Funds</u>	
<u>Long Treasuries</u>	<u>Barclays Long Treasury</u>	<u>Treasuries</u>	
Cash	90-day Treasury bills		
Global Asset Allocation Funds	65% MSCI ACWI/ 35% Barclay's Aggregate	Global Tactical Asset Allocation	
Hedge Fund of Funds	HFRI Fund of Funds Index	Hedge Fund of Funds	

The Investment Committee is aware that there may be deviations from the performance targets. Normally, results are evaluated over a three to five year time horizon, but shorter-term results will be regularly reviewed and earlier action taken if in the best interest of the Fund.

B. Portfolio Composition

1. Equity and fixed income specialist Investment Managers shall normally be fully invested, subject to the guidelines contained in sections III and IV herein. Overall Fund structure shall be targeted to the Asset Allocation Policy below, but may vary on a short-term basis within prescribed limits.

2. Equity investments, i.e., common stocks, convertibles, warrants and rights are permitted, subject to the Asset Allocation Policy. American Depositary Receipts ("ADRs"), which are dollar denominated foreign securities traded over the counter or on the domestic U.S. stock exchanges, may be held by each Investment Manager in proportions, which each Investment Manager may deem appropriate.

3. Illiquid investments are to be given special and very careful consideration under special circumstances. There might be times when a lockup period is wise, both for reduced fees and for managers who rightfully wish to break free from quarterly pressures. Liquidity is defined as the ability to convert the investment to cash within 90 days without causing a distress sale.

III. INVESTMENT MANAGERS

The investments may be placed with one or several Investment Managers with different investment strategies who will manage a portfolio composed of a particular asset class within the Fund. Varying styles and strategies are intended to reduce the risk implicit in having one Investment Manager, or all Investment Managers with the same approach. Investment objectives apply to a longer term, (i.e. three-to five-year) strategy. The Investment Committee will routinely review the distribution of the percentage of the portfolio's assets among Investment Managers.

A. Guidelines for Transactions and Fees

1. The Investment Committee has the responsibility to ensure that all fees and expenses applied against investment income are appropriate and commensurate with the services rendered. Investment Managers are expected to enter transactions on the basis of best execution, which is interpreted normally to mean best-realized price. Notwithstanding the above, commissions may be paid for services rendered to the portfolio in connection with investment management (i.e. the Fund may permit Investment Managers to utilize brokerage practices that generate "soft dollars"). Separately, arrangements to direct commissions will only be implemented by specific authorization of the Investment Committee.

2. All participants in the UUCEF will share in the common investment expenses, pro-rata, based on their asset size and according to their unitized value.

IV. GUIDELINES FOR INVESTMENTS

A. Fixed Income Investments

1. Decisions as to individual security selection, security size and quality, number of industries and holdings, current income levels, turnover and other strategies employed by active Investment Managers are left to broad Investment Manager discretion, subject to the usual standards of fiduciary prudence and the Policies and Guidelines.

2. Money market instruments, cash equivalents, bonds and derivative investments may be used. Fixed income Investment Managers are expected to employ active management techniques. Interest rate futures and options as well as derivatives, currency forwards, futures and options may be used as specified in a portfolio's investment guidelines and as detailed in section IV.C. below.

3. The minimum quality rating of any fixed income issue held in an investment grade portfolio shall at time of purchase be BBB- as rated by Standard and Poor's, or an equivalent rating agency, and the overall weighted average quality shall be A or higher. The overall quality of the high yield fixed income portfolio shall be B or better. The ratings in this paragraph are for guidance only and would not apply to a manager pursuing a distressed debt strategy. The Investment Managers are responsible for making an independent analysis of the credit worthiness of securities and their suitability as investments within the context of their strategy regardless of the classifications provided by rating agencies.

4. The average duration (interest rate sensitivity) of an actively managed fixed income portfolio should not exceed seven years except in unusual circumstances as determined by the Investment Committee.

5. Inasmuch as non-taxable investments are not suitable for religious not-for-profit institutions, issues of state or municipal agencies will not be purchased except when the risk/return characteristics are attractive versus taxable investments.

6. In general, investments will be well diversified with respect to type of industry and issuer in order to minimize risk exposure. No individual portfolio shall hold more than 8%, at market value, of its assets in the securities of any single entity, excepting issues of the U.S. Government or its agencies, or in the case of international bonds, the issues of sovereign nations or their agencies.

7. There will be no concentration of corporate bonds in any one industry exceeding 20% of the fixed income portion of the portfolio.

B. Equity Investments

1. Decisions as to individual security selection, security size and quality, number of industries and holdings, current income levels, turnover and other strategies employed by active Investment Managers are left to broad Investment Manager discretion, subject to the usual standards of fiduciary prudence and the Policies and Guidelines.

2. Equity investments are limited to equities listed on the NYSE, AMEX or Nasdaq National Market and foreign exchanges selected by or in consultation with Investment Managers. Derivative investments shall not be made except as detailed in item IV.C.3 below.

3. No individual portfolio shall hold more than 8%, at market value, of its assets in the securities of any single entity. Portfolio turnover will be reviewed regularly by the Investment Committee.

C. Global Asset Allocation Investments

1. The intent of these strategies is to give managers the ability to invest across traditional and non-traditional asset classes in order to further diversify the Plan, control risk, and add return.

2. The managers will accomplish this by investing in asset classes that the managers perceive to be undervalued.

3. The majority of the assets will be invested in global equity and fixed income mandates that shall comply with the above listed guidelines for those asset classes.

4. From time to time, these strategies may make additional diversifying investments in other asset classes or securities such as commodities, currencies, real estate, hedge funds, etc. Derivatives and leverage, within a commingled fund structure, will be permitted for certain managers upon permission from the Investment Committee.

5. Derivatives are not to be used for unrelated speculative hedging.

D. Hedge Fund Investments

1. Hedge Funds are permitted where the primary objective of these strategies is to provide positive absolute return throughout a market cycle (cash return + incremental spread of between 3 and 5%), as well as provide increased diversification to the portfolio.

2. These funds shall seek to minimize risk exposures to the overall stock market as well as individual sectors (technology, energy, etc.) and investment styles (growth, value, large cap, small cap, etc). The portfolio should remain well diversified.

3. The use of derivatives for equitizing cash balances is permitted upon completion of any necessary disclosure or other documentation. Derivatives shall not be used for leverage or unrelated speculative hedging.

4. A "fund-of-funds" approach may be used to further diversify the investment across a variety of hedge fund managers and styles. Each investment should fall within the expected risk and return characteristics historically displayed by domestic fixed income and public domestic equity investments.

5. Leverage may be employed by managers within a specific fund of hedge funds, but not by the Fund of Hedge Funds Manager

E. Other Opportunistic Asset Classes, Strategies, and Investment Managers

1. From time to time, the Committee may make additional opportunistic investments in other asset classes or securities such as real estate, private equity, etc. The Committee shall approve any such investment prior to implementation and shall restrict these investments to specific managers.

2. Currently, the following diversifying "other investments" have been allowed: None

F, General Comments on Investment Manager Guidelines

1. The UUA, through the Socially Responsible Investment Committee ("SRIC") and the Investment Committee will direct the voting of all proxy statements with respect to securities held directly in the UUCEF's portfolio. However, the Investment Managers may be asked to vote under unusual circumstances.

2. Prohibited Assets and/or Transactions: The Investment Managers shall have powers of investment discretion within the Policies and Guidelines with respect to securities held directly in the UUCEF's portfolio. However, the following assets and/or transactions are prohibited with respect to securities held directly in the UUCEF's portfolio and these may not be changed without prior written approval of the Investment Committee. Although these Policies and Guidelines do not apply directly to pooled investment vehicles in which the UUCEF is an investor, the Investment Committee takes into account the extent to which such pooled vehicles adhere to similar standards in selecting them for investment by the UUCEF.

- a. Restricted securities, restricted stock and private placements (with the exception of 144A securities).
- b. Selling uncovered calls or puts.
- c. Conditional sales contracts.
- d. Warrants (unless acquired when attached to purchased common stock or bonds).
- e. Lease-backs.
- f. Securities of the custodian or Investment Manager, its parent or subsidiaries.
- g. Unless specifically approved by the Investment Committee, the Investment Managers shall not buy securities on margin, engage in the short sale of securities, or - maintain a short position.
- h. The Investment Managers shall not engage in any transaction where the Investment Managers or its affiliates act as principal.
- i. The Investment Managers shall not trade in securities that are being bought or sold or considered for purchase or sale by the UUCEF to the detriment of the UUCEF. The Investment Managers shall not deal with the assets of the portfolio in its own interest or for its own account.
- j. The Investment Managers shall not act in any capacity in any transaction involving the portfolio on behalf of a party (or represent a party) whose interests are adverse to the interests of the portfolio or the interests of the UUA.
- k. The Investment Managers shall not receive any compensation for their own account from any third party dealing with the portfolio in connection with a transaction involving assets of the portfolio.
- l. All investments must be consistent with the prudent investor rule as described in the most current Prudent Investor Act under the laws of Massachusetts.

3. Derivative Securities. Where appropriate, Investment Managers for directly managed accounts may be given permission to use derivative securities for the following reasons. Similar terms are applied in the selection of pooled investment vehicles in which the UUCEF invests.

a. Hedging. To the extent that the portfolio is exposed to clearly defined risks and there are derivative contracts that can be used to reduce those risks, the Investment Managers are permitted to use such derivatives for hedging purposes, including cross-hedging of currency exposures.

b. Creation of Market Exposures. Investment Managers are permitted to use derivatives to replicate the risk/return profile of an asset or asset class provided that the guidelines for the Investment Manager allow for such exposures to be created with the underlying assets themselves.

c. Management of Country and Asset Allocation Exposure. Investment Managers charged with tactically changing the exposure of their portfolio to different countries and/or asset classes are permitted to use derivative contracts for these purposes.

d. Futures and options can be used to initiate positions.

e. Options, warrants or conversion features embedded in publicly traded securities.

f. By way of amplification, it is noted that the following two uses of derivatives are prohibited:

i. Derivatives shall not be used to magnify overall portfolio exposure to an asset, asset class, interest rate, or any other financial variable beyond that which would be allowed by a portfolio's investment guidelines.

ii. Unrelated Speculation. Derivatives shall not be used to create exposures to securities, currencies, indices or any other financial variable unless such exposures would be allowed by a portfolio's investment guidelines.

Commingled Funds

The Committee, in recognition of the benefits of commingled funds as investment vehicles (i.e., the ability to diversify more extensively than in a small, direct investment account and the lower costs which can be associated with these funds) may, from time to time, allow investment in such funds. The Committee recognizes that it cannot give specific policy directives to a fund whose policies are already established; therefore, the Committee is relying on the investment consultant to assess and monitor the investment policies of any funds used by the Plan to ascertain whether they are appropriate for this Plan.

Hiring Investment Managers

When the Committee selects investment managers to manage assets of the Endowment, factors to be considered shall include, but not be limited to, the stability of the investment organization, staff and client base, consistency of the investment process, style and philosophy, competitiveness of risk and return versus indices and peers, and reasonableness of fees.

Terminating Investment Managers

The Committee can terminate investment managers based on significant changes to the organization, staff and client base, significant changes to the investment process, style and philosophy, performance over the long term versus benchmarks, significant non-compliance with investment guidelines, or other factors deemed appropriate by the Committee.

Conflict of Interest Policy

Any conflicts of interest of the Investment Managers, members of the Committee or any other persons providing services to the Plans must be reported in writing to the Committee immediately upon any person becoming aware that a conflict exists or may exist. Conflicts of interests shall include any association or material interest or involvement in aspects related to that person's role with regard to the Plans that would result in potential or actual harm to the interests of the Plans.

Asset Allocation Policy

The Fund shall be diversified across investment classes and among Investment Managers in order to achieve an optimal balance between risk and return. The purpose of diversification is to minimize unsystematic risk and to provide reasonable assurance that no single Investment Manager, security or class of securities will have a disproportionate impact on the total Fund. It is understood that a single Investment Manager may have discretion to invest across a range of asset classes. The Investment Committee will select a team of Investment Managers to minimize the risk that multiple Investment Managers will become concentrated in any particular asset class.

ASSET ALLOCATION TARGETS AND RANGES

Asset Class	Target Commitment%	Range %
Equities	54.44%	48.39% - 60.49%
Domestic - Large Cap	21.48%	16.43% - 26.23%
Domestic - Small Cap	8.4%	5.2% - 11.6%
International Developed	19.14%	14.9% - 24.19%
Emerging Markets	6.8%	3.5% - 9.14%
Fixed Income	20%	15% - 25%
Core Bonds	5.10%	0.5% - 10.15%
Unconstrained Bonds	5.10%	0.5% - 10.15%
Global Multi-Sector	8%	5% - 11%
Long Treasuries	2%	0% - 5%
Community Investments	1%	0.5% - 1.5%
Alternative Investments	25.35%	0.30% - 35.40%
Global Asset Allocation	10%	0.5% - 15%
Risk Parity	40%	5% - 15%
Hedge Funds	10%	0.5% - 15%
Private Markets	5%	0% - 10%
Cash	0%	0% - 10%

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Appendix

Glossary of Terms

The calculation methodology for each measure of performance is outlined below.

Measurement	Description	Equation
Policy Target	Measures policy allocation decisions.	= TARGET ASSET WEIGHTS X INDEX RETURNS
Allocation Index	Measures actual allocation decisions. Deviations from the policy target can be derived. (Allocation Index – Policy Index)	= ACTUAL ASSET WEIGHTS X INDEX RETURNS
Composite (Total Return)	Measures actual performance and can derive active management decisions. (Composite – Allocation Index)	= ACTUAL ASSET WEIGHTS X ACTUAL RETURNS

The calculation methodology for each measure of attribution is outlined below.

Measurement	Description	Equation
Allocation Effect	Measure the effects of overweighting or underweighting managers and asset classes.	= (ACTUAL MANAGER WEIGHT – POLICY TARGET WEIGHT) X POLICY INDEX RETURN
Selection Effect	Measures the managers' ability to add excess return relative to the policy index.	= (ACTUAL MANAGER RETURN – INDEX RETURN) X POLICY TARGET WEIGHT
Interaction Effect	Measures the cross correlation of both selection and allocation effects and is often referred to as an "error term".	= (ACTUAL MANAGER RETURN X (ACTUAL MANAGER WEIGHT – POLICY TARGET WEIGHT)) – ((MANAGER WEIGHT – POLICY TARGET WEIGHT) X INDEX RETURN)

Glossary of Terms

Alpha - Measures the relationship between the fund performance and the performance of another fund or benchmark index and equals the excess return while the other fund or benchmark index is zero.

Alpha Jensen - The average return on a portfolio over and above that predicted by the capital asset pricing model (CAPM), given the portfolio's beta and the average market return. Also known as the abnormal return or the risk adjusted excess return.

Annualized Excess Return over Benchmark - Annualized fund return minus the annualized benchmark return for the calculated return.

Annualized Return - A statistical technique whereby returns covering periods greater than one year are converted to cover a 12 month time span.

Beta - Measures the volatility or systematic risk and is equal to the change in the fund's performance in relation to the change in the assigned index's performance.

Information Ratio - A measure of the risk adjusted return of a financial security, asset, or portfolio.

Formula:

(Annualized Return of Portfolio - Annualized Return of Benchmark)/Annualized Standard Deviation(Period Portfolio Return - Period Benchmark Return). To annualize standard deviation, multiply the deviation by the square root of the number of periods per year where monthly returns per year equals 12 and quarterly returns is four periods per year.

R-Squared - Represents the percentage of a fund's movements that can be explained by movements in an index. R-Squared values range from 0 to 100. An R-Squared of 100 denotes that all movements of a fund are completely explained by movements in the index.

Sharpe Ratio - A measure of the excess return or risk premium per unit of risk in an investment asset or trading strategy.

Sortino Ratio - A method to differentiate between good and bad volatility in the Sharpe Ratio. The differentiation of up and down volatility allows the calculation to provide a risk adjusted measure of a security or fund's performance without upward price change penalties.

Formula:

*Calculation Average (X-Y)/Downside Deviation (X-Y) * 2
Where X=Return Series X Y = Return Series Y which is the risk free return (91 day T-bills)*

Standard Deviation - The standard deviation is a statistical term that describes the distribution of results. It is a commonly used measure of volatility of returns of a portfolio, asset class, or security. The higher the standard deviation the more volatile the returns are.

Formula:

(Annualized Return of Portfolio - Annualized Return of Risk Free) / Annualized Standard Deviation (Portfolio Returns)

Tracking Error - Tracking error, also known as residual risk, is a measure of the degree to which a portfolio tracks its benchmark. It is also a measure of consistency of excess returns. Tracking error is computed as the annualized standard deviation of the difference between a portfolio's return and that of its benchmark.

Formula:

*Tracking Error = Standard Deviation (X-Y) * $\sqrt{(\# \text{ of periods per year})}$
Where X = periods portfolio return and Y = the period's benchmark return
For monthly returns, the periods per year = 12
For quarterly returns, the periods per year = 4*

Treynor Ratio - A risk-adjusted measure of return based on systematic risk. Similar to the Sharpe ratio with the difference being the Treynor ratio uses beta as the measurement of volatility.

Formula:

(Portfolio Average Return - Average Return of Risk-Free Rate)/Portfolio Beta

Up/Down Capture Ratio - A measure of what percentage of a market's returns is "captured" by a portfolio. For example, if the market declines 10% over some period, and the manager declines only 9%, then his or her capture ratio is 90%. In down markets, it is advantageous for a manager to have as low a capture ratio as possible. For up markets, the higher the capture ratio the better. Looking at capture ratios can provide insight into how a manager achieves excess returns. A value manager might typically have a lower capture ratio in both up and down markets, achieving excess returns by protecting on the downside, whereas a growth manager might fall more than the overall market in down markets, but achieve above-market returns in a rising market.

UpsideCapture = TotalReturn(FundReturns)/TotalReturns(BMReturn) when Period Benchmark Return is > = 0

DownsideCapture = TotalReturn(FundReturns)/TotalReturns(BMReturn) when Benchmark < 0

Data Source: InvestorForce



Disclaimer

- **NEPC uses, as a data source, the plan's custodian bank or service provider for asset balances, calculation of accruals, transfers, exchanges and contribution deferral information. While NEPC has exercised reasonable professional care in preparing this report, we cannot guarantee the accuracy of all source information contained within.**
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It is important to note the following characteristics of many non-traditional investment strategies including hedge funds and private equity:

1. Performance can be volatile and investors could lose all or a substantial portion of their investment.
2. Leverage and other speculative practices may increase the risk of loss.
3. Past performance may be revised due to the revaluation of investments .
4. These investments can be illiquid, and investors may be subject to lock-ups or lengthy redemption terms.
5. A secondary market may not be available for all funds, and any sales that occur may take place at a discount to value.
6. These funds are not subject to the same regulatory requirements as registered investment vehicles.
7. Managers are not required to provide periodic pricing or valuation information to investors.
8. These funds may have complex tax structures and delays in distributing important tax information.
9. These funds often charge high fees.
10. Limited partnership agreements often give the manager authority to trade in securities, markets or currencies that are not within the manager's realm of expertise or contemplated investment strategy.