

UUCEF, LLC INVESTOR CALL

MAY 24, 2017

3:00 PM ET

Presenters:

Tim Brennan, UUA Treasurer and CFO

Kathleen Gaffney, Chair, UUA Investment Committee

David Stewart, Co-chair, UUA Socially Responsible Investing Committee and Member of the Investment Committee

Kathy Mulvey, Co-chair, UUA Socially Responsible Investing Committee

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Agenda

1. Performance Review
2. May 17th Investment Committee meeting review
3. Questions and Answers

Net Performance Summary

As of April 30, 2017

	Market Value (\$)	% of Portfolio	Policy %	1 Mo (%)	Fiscal YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	7 Yrs (%)	10 Yrs (%)	Return (%)	Since
Composite (Gross)	182,866,512	100.0	100.0	1.9	12.3	11.9	4.1	6.3	6.9	5.2	7.0	Jul-02
Allocation Index				1.3	10.3	10.8	4.5	6.4	6.2	4.7	6.7	Jul-02
Policy Index				1.2	9.9	10.3	4.3	6.4	6.5	4.3	--	Jul-02
Composite (Net)	182,866,512	100.0	100.0	1.9	11.3	10.7	3.0	5.2	5.8	4.1	6.0	Jul-02
Allocation Index				1.3	10.3	10.8	4.5	6.4	6.2	4.7	6.7	Jul-02
Policy Index				1.2	9.9	10.3	4.3	6.4	6.5	4.3	--	Jul-02
Domestic Equity Composite	56,492,437	30.9	29.0	1.8	17.7	18.9	8.8	12.4	13.2	8.7	9.9	Jul-02
Russell 3000				1.1	16.3	18.6	10.1	13.6	12.7	7.2	8.6	Jul-02
Rhumblin	19,469,235	10.6	10.5	0.3	13.8	16.5	8.9	13.0	11.6	6.1	7.0	Aug-05
Russell 1000 Value				-0.2	13.8	16.6	8.3	13.3	11.7	5.5	7.1	Aug-05
Sands	21,297,464	11.6	10.5	3.7	22.3	20.5	9.4	12.0	15.6	11.5	11.0	Dec-03
Russell 1000 Growth				2.3	17.7	19.5	12.1	13.9	13.9	8.9	8.9	Dec-03
Pier Capital	8,071,364	4.4	4.0	1.9	17.2	21.3	6.6	11.3	10.8	9.1	9.2	Apr-07
Russell 2000 Growth				1.8	21.4	24.1	9.3	12.9	12.5	8.0	8.2	Apr-07
Wellington SMID	7,654,373	4.2	4.0	0.6	13.8	14.4	--	--	--	--	14.9	Apr-16
Russell 2500 Value				-0.1	17.9	20.7	7.9	13.0	11.4	6.6	21.1	Apr-16
International Equity Composite	48,126,569	26.3	25.0	3.5	15.3	12.0	0.9	4.2	3.2	-0.1	5.8	Jul-02
MSCI ACWI ex USA				2.1	16.3	12.6	0.8	5.1	4.3	1.1	6.7	Jul-02
MFS International Concentrated	13,984,346	7.6	7.0	4.4	19.5	15.6	2.2	--	--	--	5.2	Apr-13
MSCI EAFE				2.5	16.2	11.3	0.9	6.8	5.4	0.9	5.1	Apr-13
Boston Common	13,549,993	7.4	7.0	2.8	15.2	10.9	1.4	6.0	5.3	--	5.3	May-10
MSCI EAFE				2.5	16.2	11.3	0.9	6.8	5.4	0.9	5.4	May-10
Baxter Street	9,261,790	5.1	5.0	3.9	16.0	14.6	--	--	--	--	13.6	Apr-16
MSCI ACWI ex USA				2.1	16.3	12.6	0.8	5.1	4.3	1.1	14.3	Apr-16
RBC Global Emerging Equity	11,330,441	6.2	6.0	2.7	10.4	--	--	--	--	--	10.4	Jul-16
MSCI Emerging Markets				2.2	19.0	19.1	1.8	1.5	1.8	2.5	19.0	Jul-16

Net Performance Summary

As of April 30, 2017

	Market Value (\$)	% of Portfolio	Policy %	1 Mo (%)	Fiscal YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	7 Yrs (%)	10 Yrs (%)	Return (%)	Since
Private Markets/Opportunistic	3,969,915	2.2	5.0	2.8	8.7	8.9	--	--	--	--	7.2	May-14
<i>Private Markets Custom Benchmark</i>				<i>0.0</i>	<i>12.9</i>	<i>14.2</i>	<i>--</i>	<i>--</i>	<i>--</i>	<i>--</i>	<i>11.0</i>	<i>May-14</i>
FEG Private Opportunities Fund	1,637,335	0.9										
<i>Private Equity Benchmark</i>												
Brockton Capital Fund III	2,100,493	1.1										
<i>NCREIF Property Index</i>												
SJF Ventures	232,087	0.1										
<i>Private Equity Benchmark</i>												
Community Development	1,560,870	0.9	1.0	0.1	1.1	1.2	1.1	1.3	1.4	--	1.7	Jul-07
<i>91 Day T-Bills</i>				<i>0.1</i>	<i>0.4</i>	<i>0.4</i>	<i>0.2</i>	<i>0.1</i>	<i>0.1</i>	<i>0.5</i>	<i>0.4</i>	<i>Jul-07</i>
Cash	5,328,137	2.9	0.0									

- Fiscal Year End: 6/30

- GMO Benchmark Free Allocation Fund from May 2013 onwards; prior to 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.

- Private equity is valued on a quarterly basis and updated as statements are received.

- Cash Market Value includes \$693,300.90 adjustment for pending capital additions into the UUA Endowment Fund.

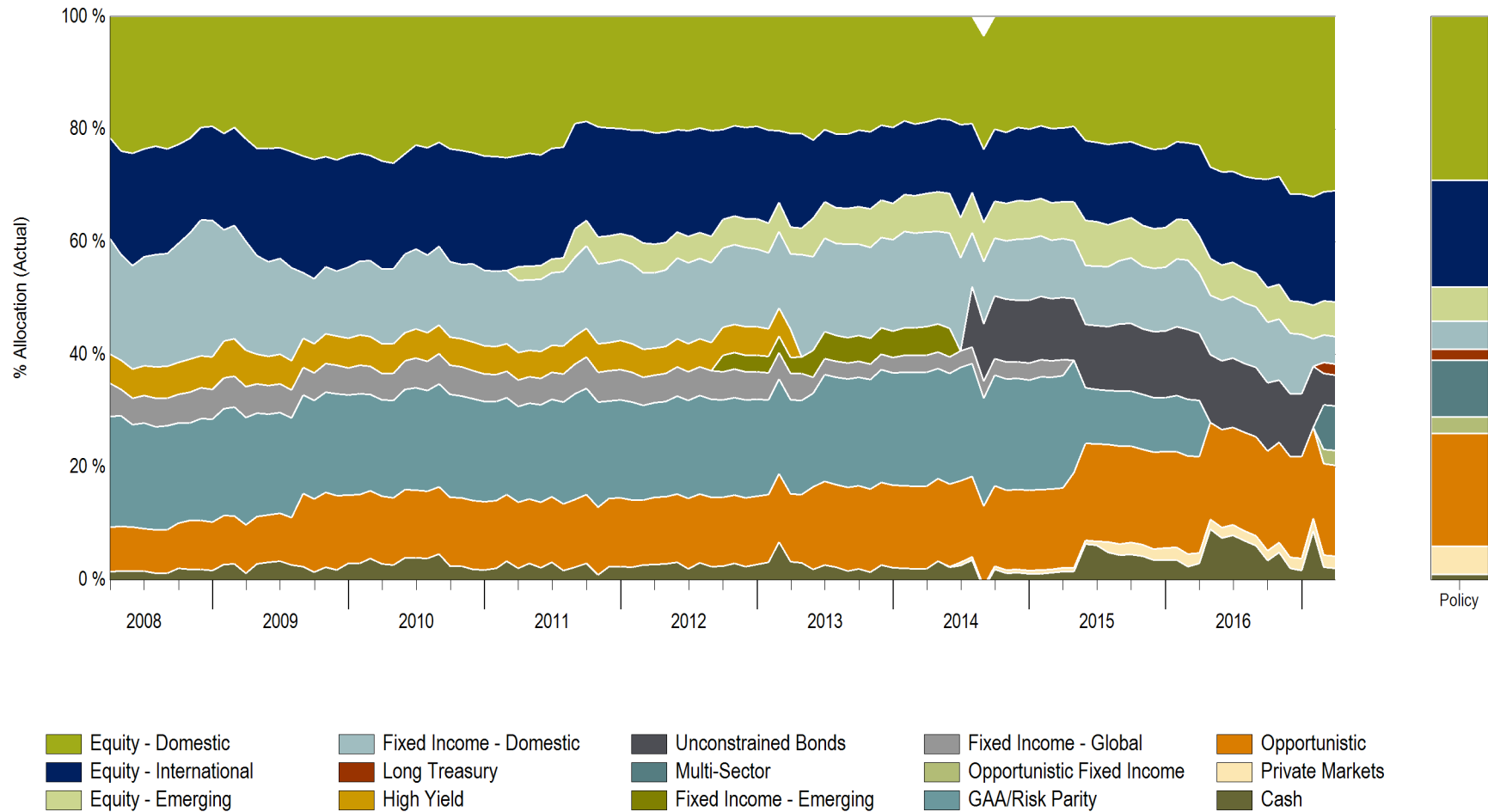
Fund Commentary

- The endowment returned 5.6% (gross of fees) during Q1 of 2017, ranking 3rd in the universe, outperforming the allocation and policy index.
- Over the trailing one-year period, the endowment returned 11.0% (gross of fees), ranking 53rd in the universe and underperforming both the allocation and policy index.
- Over the ten-year time period, performance ranked in the top quartile of the peer universe.

Unitarian Universalist Common Endowment Fund, LLC

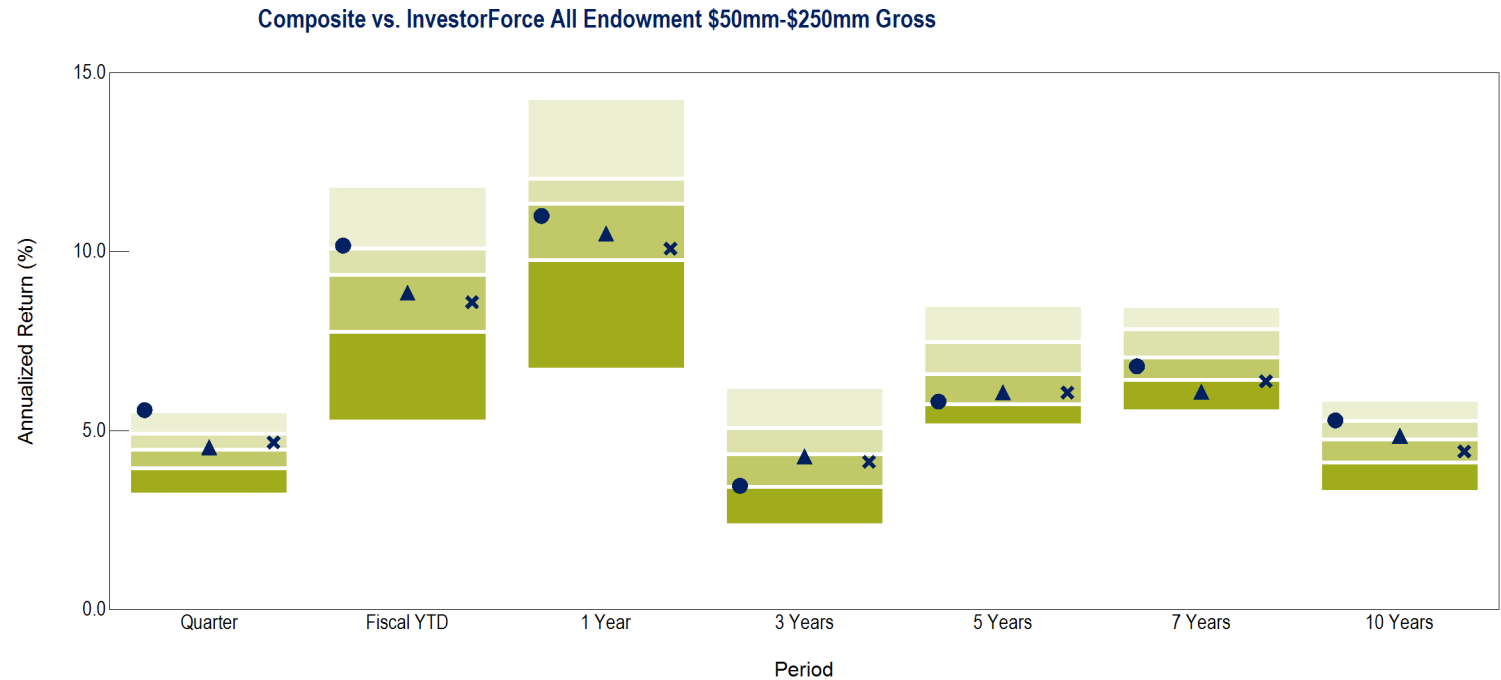
Total Fund Asset Allocation History

Asset Allocation History



Unitarian Universalist Common Endowment Fund, LLC

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



		Return (Rank)													
5th Percentile		5.5	11.8	14.3	6.2	8.5	8.5	5.9							
25th Percentile		4.9	10.1	12.0	5.1	7.5	7.8	5.3							
Median		4.5	9.4	11.3	4.3	6.6	7.0	4.8							
75th Percentile		4.0	7.8	9.8	3.4	5.8	6.4	4.1							
95th Percentile		3.2	5.3	6.7	2.4	5.2	5.5	3.3							
# of Portfolios		68	67	66	60	50	50	45							
●	Composite	5.6	(3)	10.2	(22)	11.0	(53)	3.5	(75)	5.8	(70)	6.8	(64)	5.3	(25)
▲	Allocation Index	4.5	(45)	8.9	(59)	10.5	(65)	4.3	(54)	6.1	(67)	6.1	(85)	4.9	(45)
✕	Policy Index	4.7	(36)	8.6	(62)	10.1	(69)	4.1	(56)	6.1	(67)	6.4	(76)	4.4	(64)

Overview

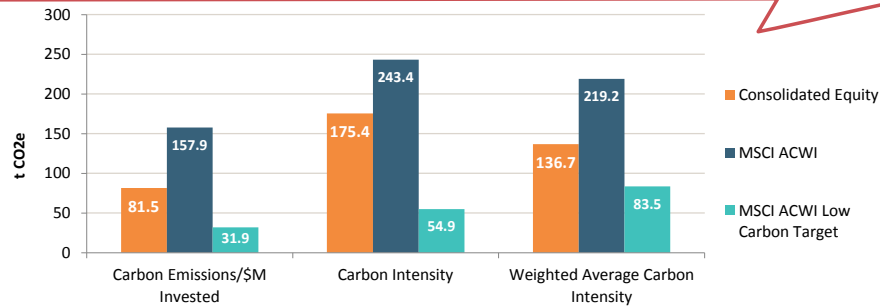
MSCI Carbon Portfolio Analytics

Unitarian Universalist Association - Consolidated Equity

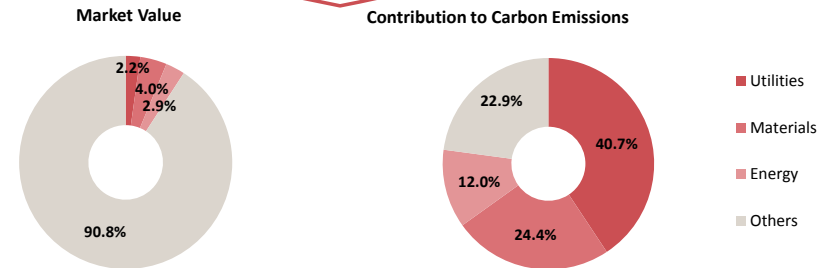
	Carbon Footprint				
	Carbon Emissions	Total Carbon Emissions*	Carbon Intensity	Weighted Average Carbon Intensity	Carbon Emissions Data Availability
Consolidated Equity	81.5	8,115	175.4	136.7	95.6%
MSCI ACWI	157.9	15,715	243.4	219.2	99.9%
MSCI ACWI Low Carbon Target	31.9	3,178	54.9	83.5	99.9%
	t CO2e / \$M Invested	t CO2e	t CO2e / \$M Sales		Market Value

*Based on investment of \$99,527,721

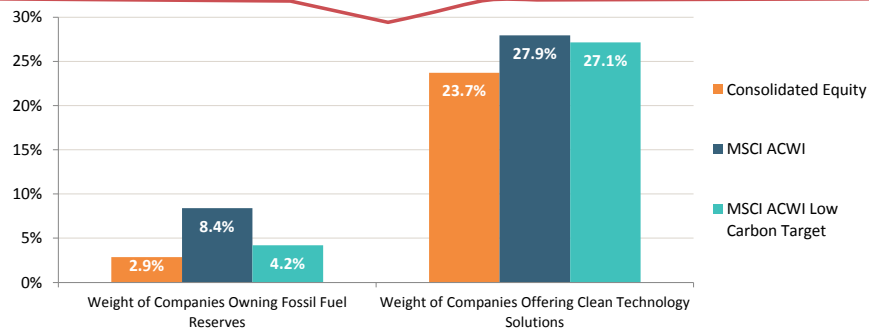
The Consolidated Equity portfolio Carbon Emissions are 48.4% lower than the MSCI ACWI, Carbon Intensity is 27.9% lower, and Weighted Average Carbon Intensity is 37.6% lower. (Pages 3, 5 and 6)



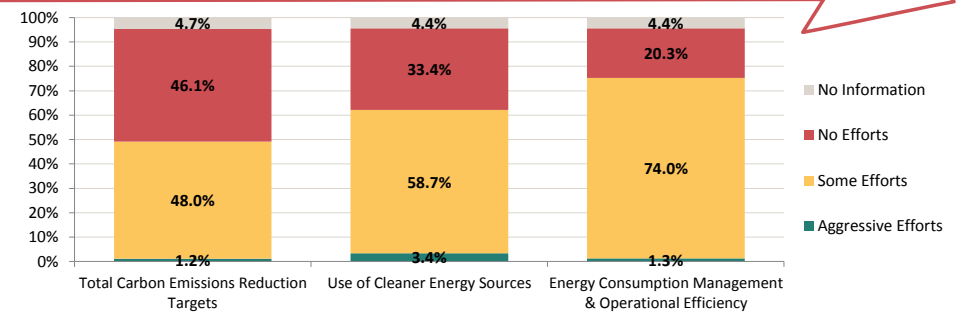
The Utilities, Materials, and Energy sectors in the Consolidated Equity portfolio contribute 9.2% of the weight versus 77.1% of the carbon emissions. (Page 3)



The Consolidated Equity portfolio is 5.5% underweight, relative to the MSCI ACWI, in companies that own Fossil Fuel Reserves, and 4.2% underweight in companies offering Clean Technologies Solutions. (Pages 8 and 13)



3.4% of the weight of the Consolidated Equity portfolio has Aggressive Efforts in Use of Cleaner Energy Sources, but 46.1% has No Efforts in Carbon Reduction Targets. (Page 12)



Investment Committee Meeting Highlights

- Performance Review
- Manager Reviews:
 - Sands Capital: Large Cap Growth
 - Pier Capital: Small Cap Growth
- MSCI Carbon Footprint Analysis
- Further discussion and planning for integration of the two investment committees

Supplemental Information

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.

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:** 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.

UUA Manager Summary

Continued

- **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.

UUA Manager Summary - Continued

- **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.

UUA Manager Summary

Continued

- **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 Govt./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.

UUA Manager Summary

Continued

Manager: Franklin Templeton Global Multi Sector

- **Benchmark:** Barclays US Govt./Credit
- **Asset Class:** Opportunistic Fixed Income
- **Role in Portfolio:** Absolute Return
- **Description:** The Global Bond team employs a bottom-up, research-driven investment process characterized by fundamental research of investment opportunities. The strategy is formulated by combining qualitative macroeconomic analysis with quantitative tools to determine the most attractive opportunities across duration, currency, and credit. The team applies an active, benchmark-agnostic style, pursuing absolute returns over a one-to-three-year time horizon. While securitized bonds are included in the opportunity set, they have not been a large component of the strategy historically.
- **Manager:** Loomis Sayles Multi Sector Full Discretion
- **Benchmark:** Barclays US Govt./Credit
- **Asset Class:** Global Multi Sector
- **Role in Portfolio:** Growth Assets
- **Description:** The Multisector Full Discretion strategy seeks to exploit the complete range of global fixed income insights generated by the Loomis Sayles Fixed Income organization with return maximization as the primary objective. Benchmarks do not play a significant role in constructing the portfolios. Guidelines are very flexible providing the opportunity to pursue investment ideas in a wide range of global fixed income sectors. Investment flexibility authorizes significant non-dollar, emerging markets and convertible debt investments. Opportunistic investments in these non-benchmark sectors are incorporated to manage portfolio credit quality and for total return contribution.

UUA Manager Summary

Continued

- **Manager:** Brandywine Global Opportunistic Fixed income
- **Benchmark:** CITI WGBI
- **Asset Class:** Global Multi Sector
- **Role in Portfolio:** Growth Assets
- **Description:** Brandywine undertakes a macro-economic analysis on a country-by-country basis in order to rank opportunities according to real interest rate levels. Inflation trends, political risk, monetary trends, business cycle, and liquidity measures are all considered. Further analysis is centered on those countries that exhibit the highest real interest rates with substantial economic conditions. Currency valuations are then examined relative to historical averages and differentials in an effort to determine if that valuation supports an investment. The majority of investments are allocated to sovereign government debt. When credit spreads are perceived to be a compelling value, however, Brandywine may allocate to spread sectors such as mortgage-backed securities and corporate bonds. Duration is determined at the country level, although adjustments may be made at the portfolio level according to the overall outlook.

UUA Manager Summary

Continued

- **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.

UUA Manager Summary

Continued

- **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 mismanaged 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.

UUA Manager Summary

Continued

- **Manager:** SJF Ventures
- **Benchmark:** US Private Equity
- **Asset Class:** Private Market/Opportunistic
- **Role in Portfolio:** Growth Assets
- **Description:** SJF will pursue a fundamental investment strategy that will look to invest in companies in the expansion stage business in the clean energy and efficiency, asset recovery and recycling, food and sustainable agriculture, education, health and wellness, and workforce development/software industries. SJF primarily focuses on companies with innovative social and environmental solutions embedded within their business models. The firm seeks values-driven entrepreneurial teams and looks for positive impact business models that can simultaneously scale impact and financial results, most often seen in impactful product and service delivery.

Fund oversight

- UUA Board of Trustees – ultimate fiduciaries
- Investment Committee – includes investment professionals
- Socially Responsible Investing Committee
- UUA Treasurer – management, rebalancing
- Investment consultant – NEPC
- SRI analyst – Sustainalytics
- Specialized investment managers
- Custodian – State Street Bank
- Reporting – HWA International
- Auditors – CBIZ Tofias/Mayer, Hoffman, McCann

Investment objective

With the guiding lens of Unitarian Universalist values and principles, strive 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	29%
International equity	25%
Fixed income	20%
Opportunistic	20%
Private Markets	5%
Community investments	1%
Cash	0%

Responsible Committees

Investment Committee

- Kathleen Gaffney, Chair
- John LaPann
- Brian Lasher
- David Stewart
- Tim Brennan, Treasurer
- Lucia Santini, Financial Advisor

SRI Committee

- David Stewart, Co-Chair
- Kathy Mulvey, Co-Chair
- Vonda Brunsting
- Kristin Faust
- Marva Williams
- Tim Brennan, Treasurer
- Lucia Santini, Financial Advisor

See Investment Information Memorandum for background information.

Glossary

- SRI – Socially Responsible Investing
- Socially responsible investing, or SRI, is ensuring that our investments are aligned with our values. For more information on the UUA's approach to SRI, see: <http://uucef.org/socially-responsible-investing/about-sri/>.
- ESG – Environmental, Social, Governance
- Incorporating ESG factors into the investment process takes investors beyond purely financial analysis and provides added insight into the quality of a company's management, culture, risk profile and other characteristics. For further details, you can review ESG definitions here: <http://www.investopedia.com/terms/e/environmental-social-and-governance-esg-criteria.asp>
- UN PRI – United Nation Principles for Responsible Investment
- The PRI is the world's leading proponent of responsible investment. It supports its international network of investor signatories, now with \$59 trillion in assets, in incorporating ESG factors into their investment and ownership decisions. For more information see: <https://www.unpri.org/about>

Glossary

Continued

- **Benchmark** – For each asset class, the appropriate index return against which a particular strategy can be evaluated. For example, a benchmark for large US companies is the S&P 500.
- **Allocation Index** – The average benchmark return for all of the asset classes in the portfolio weighted according to the *actual* weights of the assets in the portfolio at a given time. This measures the effect of actual allocation decisions.
= ACTUAL ASSET WEIGHTS X INDEX RETURNS
- **Policy Index** – The average of the benchmark returns for all of the asset classes in the portfolio weighted according to the *target* weights of the assets in the portfolio at a given time. Measures policy allocation decisions.
= TARGET ASSET WEIGHTS X INDEX RETURNS
- **Composite Return** – The total, blended return for the portfolio. Measures actual performance.
= ACTUAL ASSET WEIGHTS X ACTUAL RETURNS

Contact Information

For specific questions about the UUCEF please contact:

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- Tim Brennan, Treasurer and CFO
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tbrennan@uua.org