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Unitarian Universalist Association of Congregations

Second Quarter Meeting Materials

August 31, 2017

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Administrative





**Unitarian Universalist Association
Investment Committee Meeting Agenda**

August 31, 2017

24 Farnsworth Street, Boston, MA 02210-1409

| | | |
|----------|---|--------------------------------|
| 11:15 am | Performance Review | NEPC & Joint IC/SRIC |
| 11:30 am | Intersection of Fiduciary Duty and Socially Responsible Investing | Joint IC/SRIC |
| 11:45 am | Fulfilling the 2014 Business Resolution on Fossil Fuel Company Divestment | Joint IC/SRIC |
| 12:45 pm | Working Lunch | Joint IC/SRIC |
| 1:30 pm | Break | NEPC & IC |
| 1:45 pm | Kennedy Capital Management Interview | John Rackers and Scott Kearney |
| 2:30 pm | Elk Creek Partners Interview | TBD |
| 3:15 pm | Break | NEPC & IC |
| 3:25 pm | Small Cap Growth Manager Discussion | NEPC & IC |
| 3:45 pm | OCP Asia Discussion | NEPC & IC |
| 3:50 pm | Adjournment | NEPC & IC |

UUA Investment Committee – Minutes - **DRAFT**

24 Farnsworth Street, Room 210

Boston, MA 02210

May 17, 2017

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

Members absent: None

Staff: Susan Helbert

NEPC: Asher Watson

SRI Committee: Kathy Mulvey, Vonda Williams

Sands Capital: Katherine Okon, Frank Sands, Jr. (phone)

Pier Capital: Alex Yakirevich

1. Minutes from March 8, 2017 - Gaffney

Motion 1: To approve minutes from the March 8, 2016 meetings. Moved: Gaffney seconded LaPann. Approved with amendment to item 6, changed “timing” to “real estate market cycle”.

2. Executive Session – Committee

3. Sands Capital – Large Cap Growth Review – Okon, Sands Jr.

- Mission is to add value and enhance wealth of clients with prudence over time.
- Since inception, the Select Growth fund has outperformed the Russell 1000 by 3.5%.
- Describe themselves as a classic traditional growth investor.
- Key driver is investing in highly innovative businesses that create wealth over time.
- 100 % institutional separate accounts, low turnover approach of 15 to 20% with typical holding period of 5 to 6 years.
- Seek to identify leading growth businesses that meet sustainable above-average earnings growth, hold a leadership position in a promising space, hold significant competitive advantages, clear mission and value added focus, financial strength and, rational valuation relative to the market and business prospects.
- Recently became a PRI signatory.

Action item 1: Sands Capital to provide an Investment Results Summary trailing 3, 5 and, 10 year report ending 12/31/15. To provide relative PE history as a comparative to the PE to growth information provided, asset growth by strategy and firm and, market cap breakdown since 2000.

4. Discussion of Sands Capital Review - All

- Some concern they may outgrow their AUM and ability to find investments.
- Need to be aware that if/when EFT's unwind that they will be down considerably, should discuss allocation percentage to be sure of comfort level.
- No alpha calculation provided, would like to see a rolling alpha calculation to help determine if performance has been a market issue or has the alpha degraded.

Action item 2: NEPC to provide their latest report on Sands and include a rolling alpha calculation.

5. Pier Capital – Small Cap Growth Review – Yakirevich

- Founder has retired and transition has gone as expected. Employee owned with their own personal wealth invested in the fund. Assets have remained steady; have \$591 million in assets under management with small cap growth comprising \$535 million.
- Largest client is former parent company and second largest is a healthcare company.
- No change in process due to transition. Screen involves looking for companies that are growing 15% to 20% or more or growing faster than their peers. Process is simple, find growth and then find out what the catalyst for that growth is.
- Very actively traded with an average holding period of 6 months.
- A variety of events were cited regarding underperformance over 5 of the last seven years. Global in 2010 and 11, U.S. downgrade in 2011, presidential concerns in 2012, stress around rising rates and concerns over China in 2015.

Action item 3: Pier to provide information on the size of the SEB account as of the most recent quarter, the assets under management for their second biggest account, the size of the median stock in the portfolio and how it compares with a median in the benchmark as of most recent quarter and, turnover/trading in the portfolio as of the most recent quarter and how it compares with history.

6. Discussion of Pier Capital Review – All

- Sells at the first sign of trouble without investigating the cause.
- Number of accounts has steadily declined since 2000, dropping from 60 to 15.

- Time to begin search for a replacement.

Action item 4: NEPC to provide a list of small cap growth managers as well as some hedge fund managers for comparison.

7. Performance Review – NEPC

- The endowment returned 5.6% (gross of fees) during Q1 of 2017, ranking 3rd in the universe, outperforming the allocation and policy index. Strong start to the year.
- 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.
- Month of April shows additional 1.9% increase.
- On a look through basis the portfolio allocation is 61% equities, 8% hedge funds, 24% fixed income and, 7% private markets and real assets.

Action Item 5: NEPC to provide a new, more current, report on OCP Asia Limited for committee review.

8. UUA Carbon Footprint Analysis – Brennan, NEPC

- Reviewed the carbon underground 200 list against the separate accounts portion of the portfolio and find we have 17 holdings in the Rhumblin account at 3.9% of the portfolio and 1 holding in the Breckinridge Corporate account at 2.2% of the portfolio. Rhumblin exposure is down from 4.3% in 2016.
- These numbers translate into 0.5% of the entire separate account portfolio being invested in the carbon underground 200 list. Considering that we maintain the 17 holdings in Rhumblin intentionally in order to perform shareholder advocacy, our portfolio weight is really only 0.1%.
- Will be contacting Breckinridge to discuss the 1 holding in their account.
- Our previous carbon footprint analysis showed 49% of our portfolio emissions came from utilities whereas only 10% came from fossil fuel. As a result, we engaged with more utility companies this year.

Action item 6: NEPC to provide the list of the 18 holdings to the committee.

9. Screening – All

- Using the UUA screening criteria, Sustainalytics provides the Environmental, Social, Governance and, Human Rights analysis of the Russell 1000.

- Sustainalytics provides a category rating, based on our criteria, and this helps determine who we screen in/out. We do have the option to manually include or exclude any company.
- Sustainalytics has been very easy to work with and extremely responsive to our requests.
- Negative screening is provided to Sands and Pier and they screen out companies we identify.
- The data is also used by Rhumblin to create a portfolio that tracks the Russell 1000 at the same time it weights towards the better ESG performers. Interestingly enough, the portfolio is right on track with the index but is skewed toward much higher ESG performers than the index does.
- Rhumblin is a proof positive portfolio that proves performance doesn't suffer with ESG investing.
- Need to review SRI policy, criteria and process involved.

Action item 7: Gaffney and Mulvey to review and work on the investment policy statement of both the Investment Committee and the Socially Responsible Investing Committee with an eye toward combining into a single policy.

Action item 8: Lasher and Stewart to review and work on the procedures for both committees.

Next Meeting: August 31, 2017

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TO: Timothy Brennan, Treasurer & CFO
Unitarian Universalist Association

FROM: Gregory S. Fryer

DATE: May 26, 2017

RE: Principles to Guide Socially-Conscious
Investing for the UUCEF

You have asked for guidance on principles by which investment decisions made for the UUA Common Endowment Fund (the “UUCEF” or the “Fund”) can give effect to social considerations (including so-called ESG factors) while remaining consistent, from a legal standpoint, with the fiduciary duties of those who manage the Fund. This is a complex and controversial subject. I hope the following provides succinct but useful guidance.

The Statutory Context

ERISA. Many institutional funds are governed by ERISA; the UUCEF is *not*. This is significant in that the U.S. Department of Labor has been emphatic about the primacy of investment returns for a given level of risk. DOL’s position is that a plan fiduciary may consider ESG factors in making an investment decision, but is prohibited from doing so *at the expense of* a lower rate of return or a higher degree of risk.

UPMIFA. Under the Uniform Prudent Management of Institutional Funds Act in effect in Massachusetts, the institution’s charitable purposes are most definitely relevant to managing its investments. Section 2 of the MA UPMIFA states as follows:

*(a) Subject to the intent of a donor expressed in a gift instrument, an institution, in managing and investing an institutional fund, **shall** consider the charitable purposes of the institution and the purposes of the institutional fund.*

*(b) In **addition to complying with the duty of loyalty imposed by law other than this chapter**, each person responsible for managing and investing an institutional fund shall manage and invest the fund in good faith and with the care that an ordinarily prudent person in a like position would exercise under similar circumstances.*

The referenced duty of loyalty “*imposed by law other than this chapter*” encompasses an extensive body of case law describing the duty of loyalty, much of which the RESTATEMENT OF TRUSTS 3d attempts to compile and reconcile. An important statutory provision in this regard is the duty of loyalty enunciated in

the Massachusetts Prudent Investor Act: “A trustee shall invest and manage the trust assets solely in the interest of the beneficiaries.”

UPIA. By its terms, the Massachusetts version of the Uniform Prudent Investor Act applies only to “trusts” in Massachusetts, and not to charitable corporations per se. Nonetheless, its principles are considered persuasive in determining the standards applicable to those who invest on behalf of charitable corporations.

In discussing the duty of loyalty, the Commentary to the Uniform Prudent Investor Act contains fairly restrictive language about social investing:

No form of so-called “social investing” is consistent with the duty of loyalty if the investment activity entails sacrificing the interests of trust beneficiaries -- for example, by accepting below-market returns -- in favor of the interests of the persons supposedly benefitted by pursuing the particular social cause. See, e.g., John H. Langbein & Richard Posner, Social Investing and the Law of Trusts, 79 Michigan L. Rev. 72, 96-97 (1980) (collecting authority). For pension trust assets, see generally Ian D. Lanoff, The Social Investment of Private Pension Plan Assets: May it Be Done Lawfully under ERISA?, 31 Labor L.J. 387 (1980). Commentators supporting social investing tend to concede the overriding force of the duty of loyalty. They argue instead that particular schemes of social investing may not result in below-market returns. See, e.g., Marcia O’Brien Hylton, “Socially Responsible” Investing: Doing Good Versus Doing Well in an Inefficient Market, 42 American U.L. Rev. 1 (1992). In 1994 the Department of Labor issued an Interpretive Bulletin reviewing its prior analysis of social investing questions and reiterating that pension trust fiduciaries may invest only in conformity with the prudence and loyalty standards of ERISA §§ 403-404. Interpretive Bulletin 94-1, 59 Fed. Regis. 32606 (Jun. 22, 1994), to be codified as 29 CFR § 2509.94-1. The Bulletin reminds fiduciary investors that they are prohibited from “subordinat[ing] the interests of participants and beneficiaries in their retirement income to unrelated objectives.”

Even under this Commentary and DOL Bulletins, it is important to note that consideration of social factors is permissible if done in the context of a diversified portfolio whose investments are selected with the goal of maximizing returns of the portfolio as a whole, within a given level of risk tolerance. And in fact, studies show that socially-conscious investing is a very common practice in the United States. According to the 2012 US SIF FOUNDATION REPORT ON SUSTAINABLE AND RESPONSIBLE INVESTING TRENDS IN THE UNITED STATES, more than 11% of dollars under professional management in the United States were invested under strategies of sustainable and responsible investing.

The Investment Information Memorandum

The UUCEF Investment Information Memorandum contains many references to social values, and touts this aspect of the Fund’s overall investment strategy. Although there are scattered references to accepting lower rates of return,¹ the Memorandum states that the primary objective is to achieve a Target

¹ For example: “The UUCEF’s portfolio is subject to SRI screening. As a result, the universe of acceptable investments for the UUCEF is limited as compared to other funds that do not apply such screening. The UUCEF

Return Objective but to do so in a manner consistent with UUA social values. The UUCEF identifies three ways of addressing social goals: (i) shareholder advocacy in coordination with the Interfaith Center on Corporate Responsibility, (ii) community investing, and (iii) negative and positive screening. Of these, only community investing is described as involving a tradeoff against investment returns, and this activity is limited to 1% of total investment assets. Additionally, the reliance on outside fund managers means (as disclosed in the Memorandum) that a goodly amount of the Fund's assets are managed without explicit regard to these social goals.

Analysis

It could be argued that the duty of loyalty discussed above is in conflict with language in the Memorandum that seems to accept lower returns. However:

1. Under the MA UPMIFA, institutional fund managers "shall" consider the charitable purposes of the institution and the purposes of the institutional fund. Thus managing the Fund with an eye toward UUA-endorsed social issues is completely appropriate, so long as the managers are working in good faith toward achieving stated, reasonable target returns and are not subordinating the goals of the Fund to their own personal preferences on social issues.
2. As the Memorandum describes, investments by the Fund are tracked against appropriate asset class indices, none of which are skewed to social values. This practice is consistent with the concept that investment returns have primacy, and that social goals are to be addressed in a balanced manner within that overall framework.

Language in the Memorandum that describes the Fund's social investing goals and processes is important from a securities law standpoint, in that UUA-affiliated participants are allowed to weigh the risks of those goals and processes in deciding whether to contribute assets to the Fund or whether to leave assets in the Fund. Failure to disclose these goals and processes, by contrast, would undermine participants' ability to make choices on what investment risks to incur.

Additionally, describing these goals and policies in the Memorandum helps define the character of the Fund. As stated in the MA UPMIFA, managers of the Fund "shall" consider the charitable purposes of the institution and the purposes of the institutional fund. Advancement of UUA-endorsed social goals is an expected and reasonable objective. Disclosure in the Memorandum means that, by contributing capital and leaving assets in the Fund, the various UUA-affiliated participants choose to support those goals and processes.

In measuring whether the UUCEF Investment Committee members are meeting their duty of loyalty to Fund participants, their actual decisions and procedures are more important determinants than

may exclude certain securities from its portfolio based on SRI criteria when it would be otherwise advantageous to invest in these securities, or it may sell certain securities for social or environmental reasons when it is otherwise advantageous to retain them." And: "One percent of the UUCEF is invested in community investment funds which promote access to capital and financial services for underserved groups. The UUCEF will accept below-market returns for these community investments."

statements made in the Memorandum. If Committee members are prudent and diligent in their pursuit of reasonable investment returns, and if they remain watchful that social goals not be allowed to either threaten overall investment returns or subject the overall portfolio to measurably greater risks, then they will have satisfied their duty to protect the interests of the participants.

It is evident that investment of an institutional fund's assets occurs within a social context and that investment decisions are made by people who have deeply felt social values. Despite those realities – and perhaps because of them – authorities differ on whether and to what extent social factors should be and can be considered. All authorities recognize that investment returns are important. The differing formulations found in statutes and case law largely come down to questions of the proper balance between economic returns and social objectives.

As a practical matter, a fund that fails to achieve reasonable returns relative to its peers can, quite foreseeably, find itself subject to scrutiny by disappointed participants. That scrutiny potentially involves legal action to challenge the diligence, prudence, and loyalty of the managers. As a matter of self-protection, therefore, managers have an incentive to assign high importance to the goal of achieving strong investment returns.

Some Suggested Practices

Because investment is such an uncertain activity, and because it cannot be known in advance how a particular social factor will affect investment performance, it is important for the Investment Committee to pay attention to process. For managers charged with pursuing the socially-conscious investment objectives of the UUCEF, the following practices will help establish compliance with the complex fiduciary standards to which those managers are held:

1. Showing discipline in maintaining a diverse, rational mix of investments;
2. Periodically re-examining the list of social objectives sought to be advanced, to ensure that these are goals dictated by the UUA rather than by the personal predilections of individual managers;
3. Allowing large portions of the overall portfolio to be managed by outside managers who display good investment discipline; and
4. Periodically analyzing investment returns to determine if returns were impeded by particular screens or other socially-directed investment biases, and then adjusting social factor guidelines if warranted.

GSF/cs

cc: Thomas O. Bean, Esq.



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: Breckinridge Capital Advisors Sustainable Fixed Income & Treasury

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: 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: 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: 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 risks, 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 sustainable 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.

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.

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.

Manager: SJF Ventures

Benchmark: US Private Equity

Asset Class: Private Markets/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.

Market Environment & Outlook



Unitarian Universalist Common Endowment Fund, LLC

Index Performance Summary as of 07/31/2017

| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | Q1 | Q2 | July | YTD |
|---------------------------------|--------|-------|--------|-------|--------|--------|--------|-------|-------|-------|-------|-------|
| MSCI EM | 78.5% | 18.9% | -18.4% | 18.2% | -2.6% | -2.2% | -14.9% | 11.2% | 11.4% | 6.3% | 6.0% | 25.5% |
| MSCI EAFE | 31.8% | 7.8% | -12.1% | 17.3% | 22.8% | -4.9% | -0.8% | 1.0% | 7.2% | 6.1% | 2.9% | 17.1% |
| MSCI ACWI | 34.6% | 12.7% | -7.3% | 16.1% | 22.8% | 4.2% | -2.4% | 7.9% | 6.9% | 4.3% | 2.8% | 14.6% |
| JPM GBI-EM Global Div | 22.0% | 15.7% | -1.8% | 16.8% | -9.0% | -5.7% | -14.9% | 9.9% | 6.5% | 3.6% | 2.1% | 12.7% |
| S&P 500 | 26.5% | 15.1% | 2.1% | 16.0% | 32.4% | 13.7% | 1.4% | 12.0% | 6.1% | 3.1% | 2.1% | 11.6% |
| Russell 1000 | 28.4% | 16.1% | 1.5% | 16.4% | 33.1% | 13.2% | 0.9% | 12.1% | 6.0% | 3.1% | 2.0% | 11.4% |
| BC US Long Credit | 16.8% | 10.7% | 17.1% | 12.7% | -6.6% | 16.4% | -4.6% | 10.2% | 1.7% | 4.7% | 0.9% | 7.3% |
| JPM EMBI Glob Div | 29.8% | 12.2% | 7.3% | 17.4% | -5.3% | 7.4% | 1.2% | 10.2% | 3.9% | 2.2% | 0.8% | 7.1% |
| Russell 2500 | 34.4% | 26.7% | -2.5% | 17.9% | 36.8% | 7.1% | -2.9% | 17.6% | 3.8% | 2.1% | 1.0% | 7.1% |
| BC US STRIPS 20+ Yr | -36.0% | 10.9% | 58.5% | 3.0% | -21.0% | 46.4% | -3.7% | 1.4% | 1.8% | 6.1% | -1.4% | 6.5% |
| BC US Govt/Cred Long | 1.9% | 10.2% | 22.5% | 8.8% | -8.8% | 19.3% | -3.3% | 6.7% | 1.6% | 4.4% | 0.3% | 6.3% |
| BC Global Agg | -6.5% | -5.3% | -5.3% | -4.1% | 2.7% | -0.6% | 3.3% | 2.1% | 1.8% | 2.6% | 1.7% | 6.2% |
| BC US Corporate HY | 58.2% | 15.1% | 5.0% | 15.8% | 7.4% | 2.5% | -4.5% | 17.1% | 2.7% | 2.2% | 1.1% | 6.1% |
| Russell 2000 | 27.2% | 26.9% | -4.2% | 16.3% | 38.8% | 4.9% | -4.4% | 21.3% | 2.5% | 2.5% | 0.7% | 5.8% |
| BC Municipal | 12.9% | 2.4% | 10.7% | 6.8% | -2.6% | 9.1% | 3.3% | 0.2% | 1.6% | 2.0% | 0.8% | 4.4% |
| FTSE NAREIT Equity REITs | 28.0% | 28.0% | 8.3% | 18.1% | 2.5% | 30.1% | 3.2% | 8.5% | 1.2% | 1.5% | 1.2% | 4.0% |
| CS Hedge Fund | 18.6% | 10.9% | -2.5% | 7.7% | 9.7% | 4.1% | -0.7% | 1.2% | 2.1% | 1.3% | - | 2.8% |
| CS Leveraged Loan | 44.9% | 10.0% | 1.8% | 9.4% | 6.2% | 2.1% | -0.4% | 9.9% | 1.2% | 0.8% | 0.8% | 2.8% |
| BC US Agg Bond | 5.9% | 6.5% | 7.8% | 4.2% | -2.0% | 6.0% | 0.5% | 2.6% | 0.8% | 1.4% | 0.4% | 2.7% |
| BC US Agg Interm | 6.5% | 6.1% | 6.0% | 3.6% | -1.0% | 4.1% | 1.2% | 2.0% | 0.7% | 0.9% | 0.5% | 2.1% |
| BC TIPS | 11.4% | 6.3% | 13.6% | 7.0% | -8.6% | 3.6% | -1.4% | 4.7% | 1.3% | -0.4% | 0.4% | 1.3% |
| BC US Govt/Cred 1-3 Yr | 3.8% | 2.8% | 1.6% | 1.3% | 0.6% | 0.8% | 0.7% | 1.3% | 0.4% | 0.3% | 0.3% | 1.0% |
| Alerian MLP | 76.4% | 35.9% | 13.9% | 4.8% | 27.6% | 4.8% | -32.6% | 18.3% | 3.9% | -6.4% | 1.3% | -1.4% |
| BBG Commodity | 18.9% | 16.8% | -13.3% | -1.1% | -9.5% | -17.0% | -24.7% | 11.8% | -2.3% | -3.2% | 2.3% | -3.1% |

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

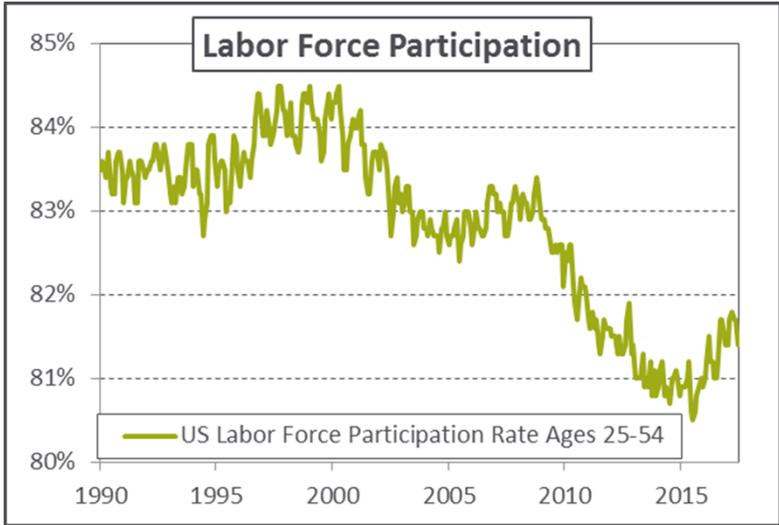
- **The US economy is experiencing an extended economic growth cycle**
 - US consumers and a tightening labor market are driving the US economy
 - Growth recovery in Europe and the emerging markets reinforces US economic conditions
 - Stable economic growth is a positive backdrop but expected risk asset returns are subdued
- **Federal Reserve monetary policy remains on a gradual normalization path**
 - Despite the June increase, markets continue to price in a slow pace for Fed rate hikes
 - Market impact of the Fed's planned reduction of the \$4.5T balance sheet is untested
 - Chair Yellen's uncertain tenure may stoke market unease as her term expires in Feb. 2018
- **China is modestly tightening financial conditions to slow credit growth and manage an orderly transition to a consumer led economy**
 - Markets have responded positively to the PBOC's management of a more stable yuan
 - Capital outflow pressure persists and large scale currency devaluation remains a tail risk
 - Continued credit expansion and real estate development risk inflating asset price bubbles
- **Globalization backlash is disrupting the political and economic orthodoxy**
 - Outcomes of the French and UK elections have eased market fears but conditions driving anti-establishment political sentiment have not subsided
 - Capital market fundamentals may not be materially altered but risks stemming from globalization backlash likely lead to higher levels of currency volatility
 - Potential changes to US trade policy under the current administration remain uncertain

Extended US Economic Cycle

US recession concerns are muted

The US economy appears on a path of slow but steady growth as excess capacity is gradually absorbed by the economy

The labor market recovery has been strong but slack remains as many have yet to return to the workforce

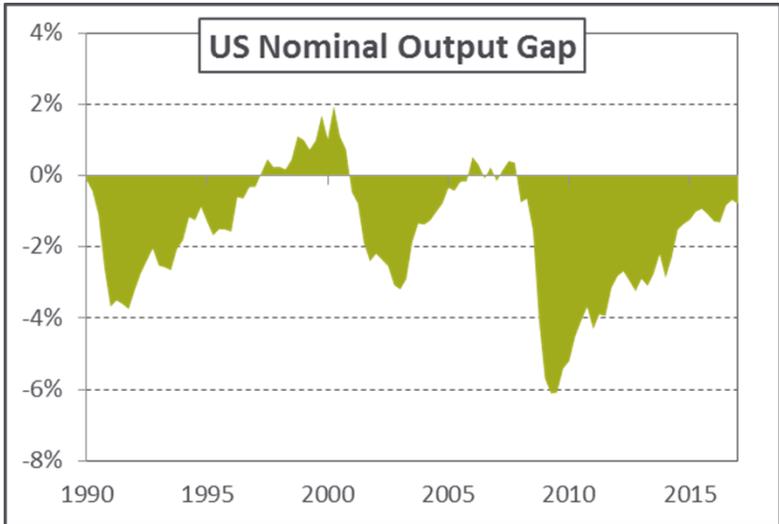


Source: FRED

US household balance sheets have room to expand and support further consumer spending gains

Improvement of economic conditions in Europe and emerging markets reinforce US economic gains as global growth factors synchronize

US corporate profitability is near all time highs and may be a challenge for companies to boost economic growth rate



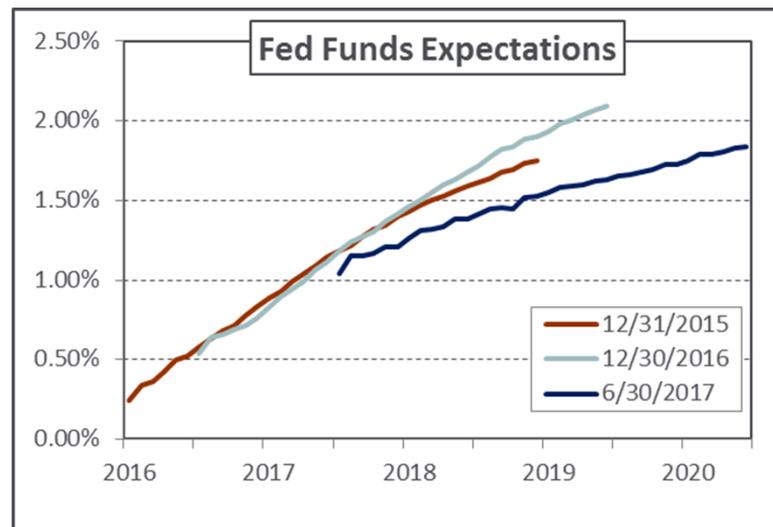
Source: Congressional Budget Office, Bloomberg

Federal Reserve Gradualism

The Federal Reserve is expected to slowly increase interest rates

Expected path of Fed policy through 2019 matters more than timing of the next hike as the disconnect between market expectations and Fed signaling has grown

A relatively accommodative Fed is likely to continue, unless there is a dramatic acceleration in inflation

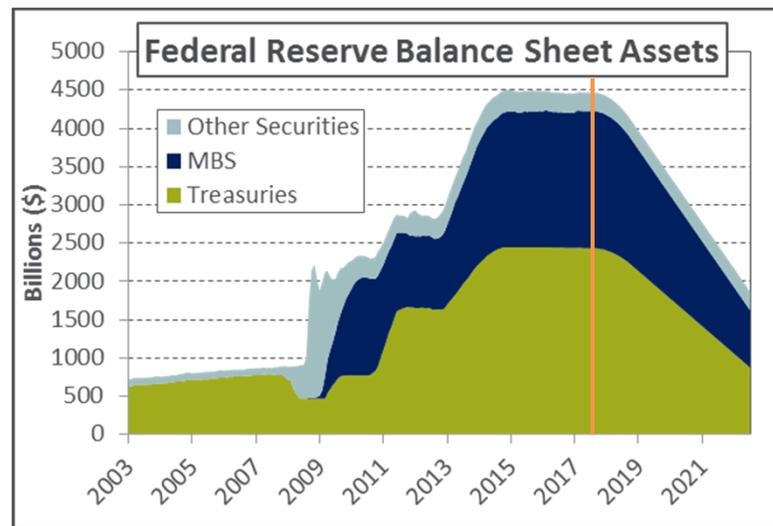


Source: Fed, Bloomberg

Reduction of the Fed balance sheet will likely be a gradual process

The market impact is untested but the Fed has announced a specific schedule to not reinvest a portion of the balance sheet securities that mature

Politics could intersect with Fed policy as Fed Chair Janet Yellen's term is set to expire in February 2018



Source: Fed, Bloomberg, NEPC

Forecast based on the June Fed Minutes: MBS assumes \$4B per month for 3-month intervals over 12 months with a \$20B cap; Treasuries assume \$6B per month for 3-month intervals over 12 months with a \$30B cap; Other Securities are assumed to stay constant

China Transitions

China is the global growth engine but faces fundamental transitions

China’s economic transition is pivoting from a production to a service and consumption based economy

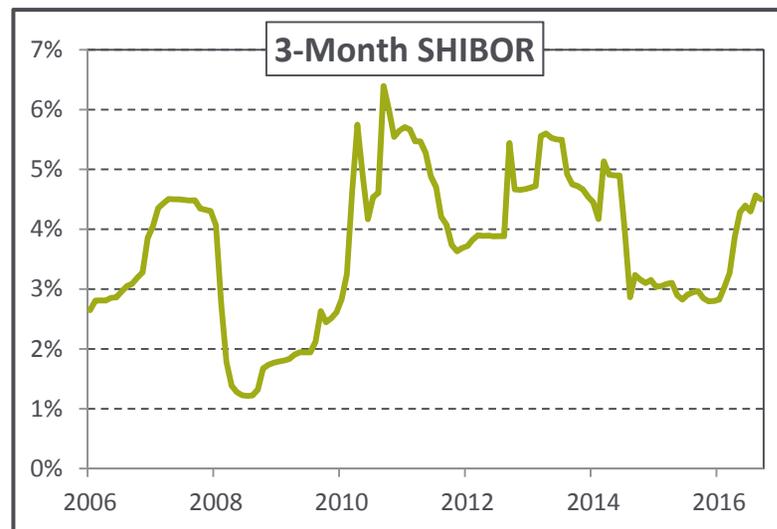
Fixed investment is required to sustain the production based economy and support labor force migration

Any disruption to these transitions will have global repercussions due to China’s role in the global economy

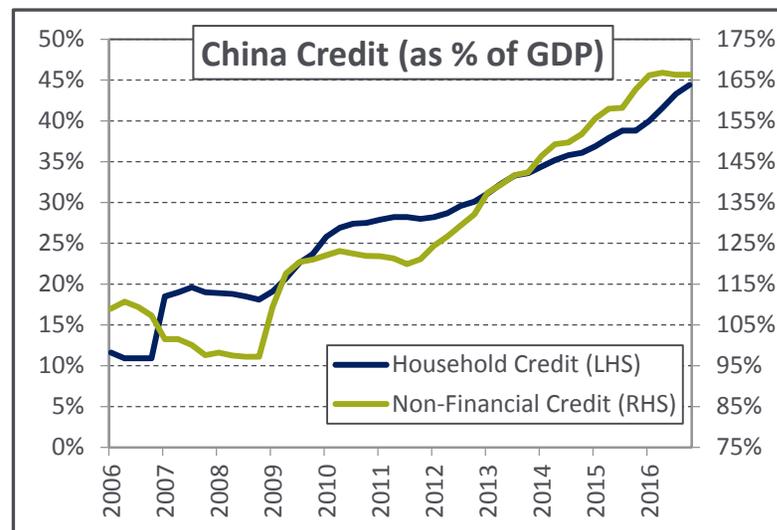
China’s government is negotiating a balance between deleveraging and near term economic growth

Unrestrained growth in credit and real estate markets pose a systematic risk

Concerns of capital outflows have forced greater intervention from the central bank to limit currency movements



Source: China Foreign Exchange Trade System, Bloomberg



Source: Bank for International Settlements

Globalization Backlash

Uneven economic growth and wage gains have fueled political discontent in the developed world

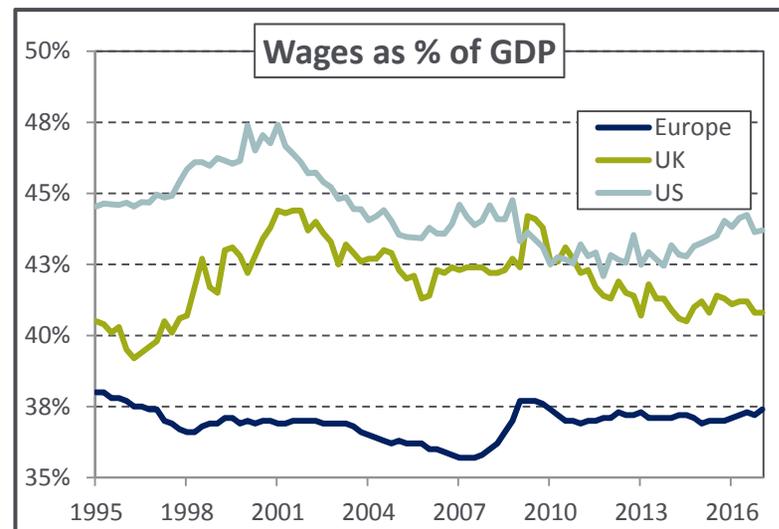
Election results in France and the UK have assuaged fears of political gridlock in Europe – but political conventions have been meaningfully challenged

Despite election outcomes, structural economic issues that stoked unease in Europe remain unresolved

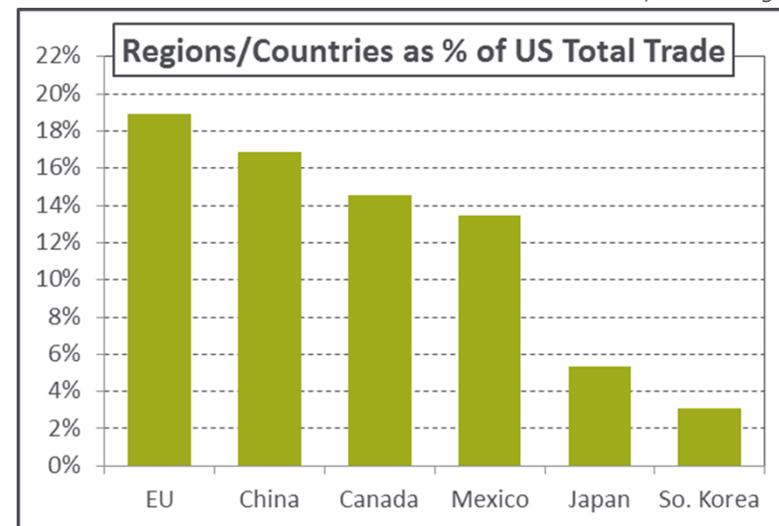
Concern of major trade disruptions stemming from US policy changes have diminished

Markets have taken to interpreting the administrations rhetoric with a grain of salt as significant trade policy changes have yet to materialize

A major change in US trade policy appears unlikely but remains a tail-risk with outsized repercussions



Source: Eurostat, Bloomberg



Source: IMF, Bloomberg

Investment Program Review

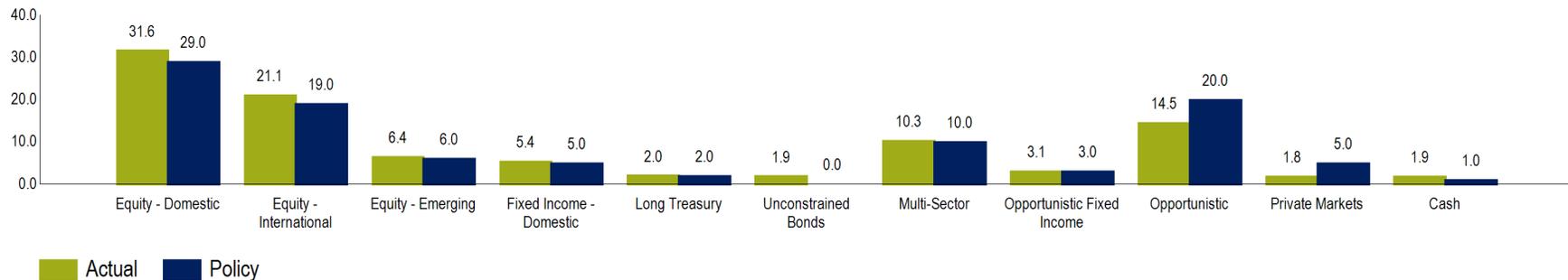


Unitarian Universalist Common Endowment Fund, LLC

Total Fund Performance Summary (Gross of Fees)

| | Market Value | 3 Mo | Rank | YTD | Rank | Fiscal YTD | Rank | 3 Yrs | Rank | 5 Yrs | Rank | 7 Yrs | Rank | 10 Yrs | Rank |
|--|----------------------|-------------|----------|--------------|----------|--------------|-----------|-------------|-----------|-------------|-----------|-------------|-----------|-------------|-----------|
| Composite | \$182,417,827 | 4.3% | 2 | 10.1% | 2 | 14.9% | 13 | 3.7% | 68 | 7.3% | 71 | 8.2% | 65 | 5.4% | 29 |
| <i>Allocation Index</i> | | 3.4% | 23 | 8.1% | 35 | 12.6% | 55 | 4.3% | 55 | 7.3% | 71 | 7.6% | 79 | 4.9% | 46 |
| <i>Policy Index</i> | | 3.2% | 30 | 8.0% | 36 | 13.2% | 42 | 4.3% | 53 | 7.5% | 65 | 8.0% | 74 | 4.5% | 66 |
| <i>InvestorForce All Endowment \$50mm-\$250mm Gross Median</i> | | 2.9% | | 7.6% | | 12.8% | | 4.3% | | 8.1% | | 8.5% | | 4.7% | |

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

- Decided to consider replacement options for Pier Capital

Total Fund Performance

- The endowment returned +4.3% (gross of fees) during Q2 of 2017, ranking 2nd in the universe, outperforming the allocation index and policy index
- Over the trailing one-year period, the endowment returned +14.9% (gross of fees), ranking 13th in the universe and outperforming both the allocation and policy index
- Over the ten-year time period, performance ranked in the second quartile of the peer universe
 - Manager selection and tactical allocations have been the primary driver of overall performance

Fiscal Year End: 6/30

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 Options | Manager Changes/ Announcements (Recent Quarter) | NEPC Due Diligence Committee Recommendations |
|--------------------|---|--|
| N/A | 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

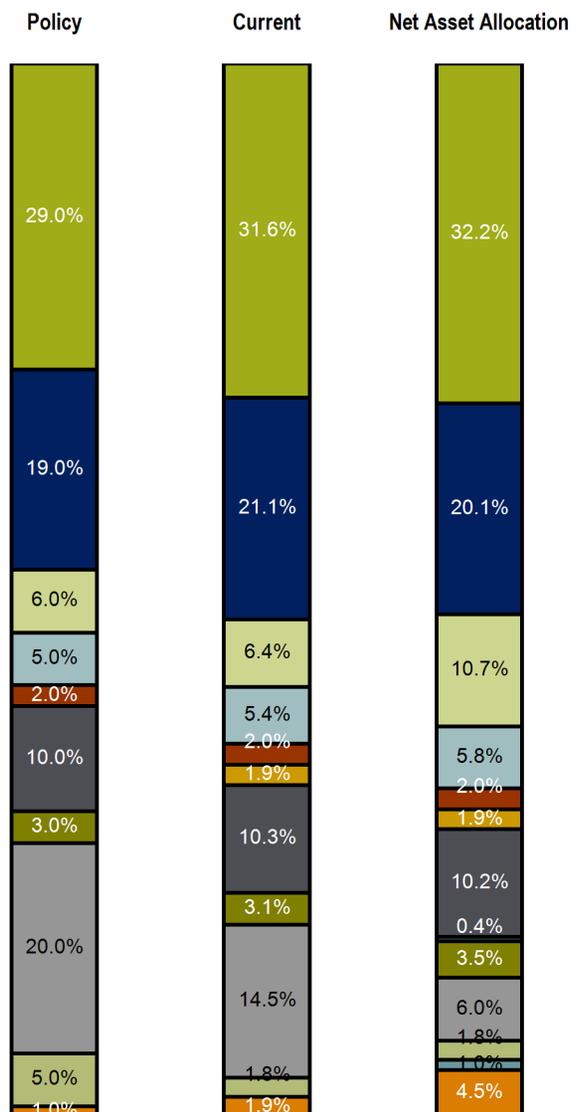


Unitarian Universalist Common Endowment Fund, LLC

Total Fund Asset Growth Summary by Manager

| | Quarter Ending June 30, 2017 | | | | | Ending Market Value |
|---|------------------------------|---------------------|----------------------|---------------------|-----------------------|----------------------|
| | Beginning Market Value | Contributions | Withdrawals | Net Cash Flow | Net Investment Change | |
| Baxter Street | \$8,912,827 | \$0 | \$0 | \$0 | \$714,529 | \$9,627,356 |
| Boston Common | \$13,185,984 | \$0 | \$0 | \$0 | \$908,627 | \$14,094,611 |
| Brandywine Global Opportunistic | \$7,151,398 | \$2,000,000 | \$0 | \$2,000,000 | \$318,501 | \$9,469,899 |
| Breckinridge - Corporate | \$8,691,686 | \$1,000,000 | -\$477 | \$999,523 | \$77,533 | \$9,768,742 |
| Breckinridge-Treasury | \$3,563,179 | \$0 | -\$198 | -\$198 | \$139,391 | \$3,702,372 |
| Brockton Capital Fund III | \$2,035,852 | \$0 | -\$683,277 | -\$683,277 | \$72,130 | \$1,424,706 |
| Cash Account | \$1,976,203 | \$6,368,991 | -\$6,513,278 | -\$144,287 | \$21,135 | \$1,853,050 |
| Cevian Capital II | \$5,946,765 | \$0 | \$0 | \$0 | \$173,360 | \$6,120,125 |
| Community Development | \$1,560,370 | \$7,801 | -\$849 | \$6,952 | \$4,641 | \$1,571,963 |
| Entrust Capital Diversified Fund Holdback | \$3,692,503 | \$0 | -\$3,492,791 | -\$3,492,791 | \$1,865 | \$201,577 |
| Entrust Class X | \$302,562 | \$300,669 | \$0 | \$300,669 | -\$3,131 | \$600,100 |
| FEG Private Opportunities Fund | \$1,600,887 | \$0 | -\$20,000 | -\$20,000 | \$56,448 | \$1,637,335 |
| Franklin Templeton GMS | \$4,615,706 | \$1,000,000 | \$0 | \$1,000,000 | -\$45,802 | \$5,569,904 |
| GMO Benchmark Free Allocation Fund | \$19,082,346 | \$0 | \$0 | \$0 | \$528,028 | \$19,610,374 |
| Loomis Multi Sector | \$7,086,331 | \$2,000,000 | \$0 | \$2,000,000 | \$149,721 | \$9,236,052 |
| Loomis Sayles Strategic Alpha | \$9,824,924 | \$0 | -\$6,400,000 | -\$6,400,000 | \$26,086 | \$3,451,010 |
| MFS International Concentrated | \$13,391,185 | \$0 | \$0 | \$0 | \$1,391,298 | \$14,782,483 |
| Pier Capital | \$7,917,266 | \$0 | -\$443 | -\$443 | \$452,715 | \$8,369,538 |
| RBC Global Emerging Equity | \$11,021,467 | \$0 | \$0 | \$0 | \$724,396 | \$11,745,863 |
| Rhumblin | \$19,422,813 | \$12,996 | -\$1,066 | \$11,930 | \$291,878 | \$19,726,620 |
| Sands | \$20,518,551 | \$0 | -\$1,370 | -\$1,370 | \$1,556,929 | \$22,074,110 |
| SJF Ventures | \$232,087 | \$0 | -\$316 | -\$316 | -\$12,500 | \$219,271 |
| Wellington SMID | \$7,602,468 | \$0 | \$0 | \$0 | -\$41,701 | \$7,560,766 |
| Total | \$179,335,358 | \$12,690,457 | -\$17,114,064 | -\$4,423,608 | \$7,506,076 | \$182,417,827 |

Total Fund Asset Allocation vs. Policy Targets



| | Asset Allocation vs. Target | | | | | |
|----------------------------|-----------------------------|---------------|---------------|---------------|--------------|----------------------|
| | Current | Policy | Current | Policy Range | Within Range | Net Asset Allocation |
| Equity - Domestic | \$57,731,035 | 29.0% | 31.6% | 22.0% - 36.0% | Yes | 32.2% |
| Equity - International | \$38,504,449 | 19.0% | 21.1% | 14.0% - 24.0% | Yes | 20.1% |
| Equity - Emerging | \$11,745,863 | 6.0% | 6.4% | 3.0% - 9.0% | Yes | 10.7% |
| Fixed Income - Domestic | \$9,768,742 | 5.0% | 5.4% | 0.0% - 15.0% | Yes | 5.8% |
| Long Treasury | \$3,702,372 | 2.0% | 2.0% | 0.0% - 10.0% | Yes | 2.0% |
| Unconstrained Bonds | \$3,451,010 | -- | 1.9% | | | 1.9% |
| Multi-Sector | \$18,705,951 | 10.0% | 10.3% | 0.0% - 15.0% | Yes | 10.2% |
| Emerging Market Debt | -- | -- | -- | | | 0.4% |
| Opportunistic Fixed Income | \$5,569,904 | 3.0% | 3.1% | 0.0% - 10.0% | Yes | 3.5% |
| Opportunistic | \$26,532,176 | 20.0% | 14.5% | 10.0% - 30.0% | Yes | 6.0% |
| Private Markets | \$3,281,312 | 5.0% | 1.8% | 0.0% - 10.0% | Yes | 1.8% |
| Real Assets | -- | -- | -- | | | 1.0% |
| Cash | \$3,425,013 | 1.0% | 1.9% | 0.0% - 10.0% | Yes | 4.5% |
| Total | \$182,417,827 | 100.0% | 100.0% | | | 100.0% |

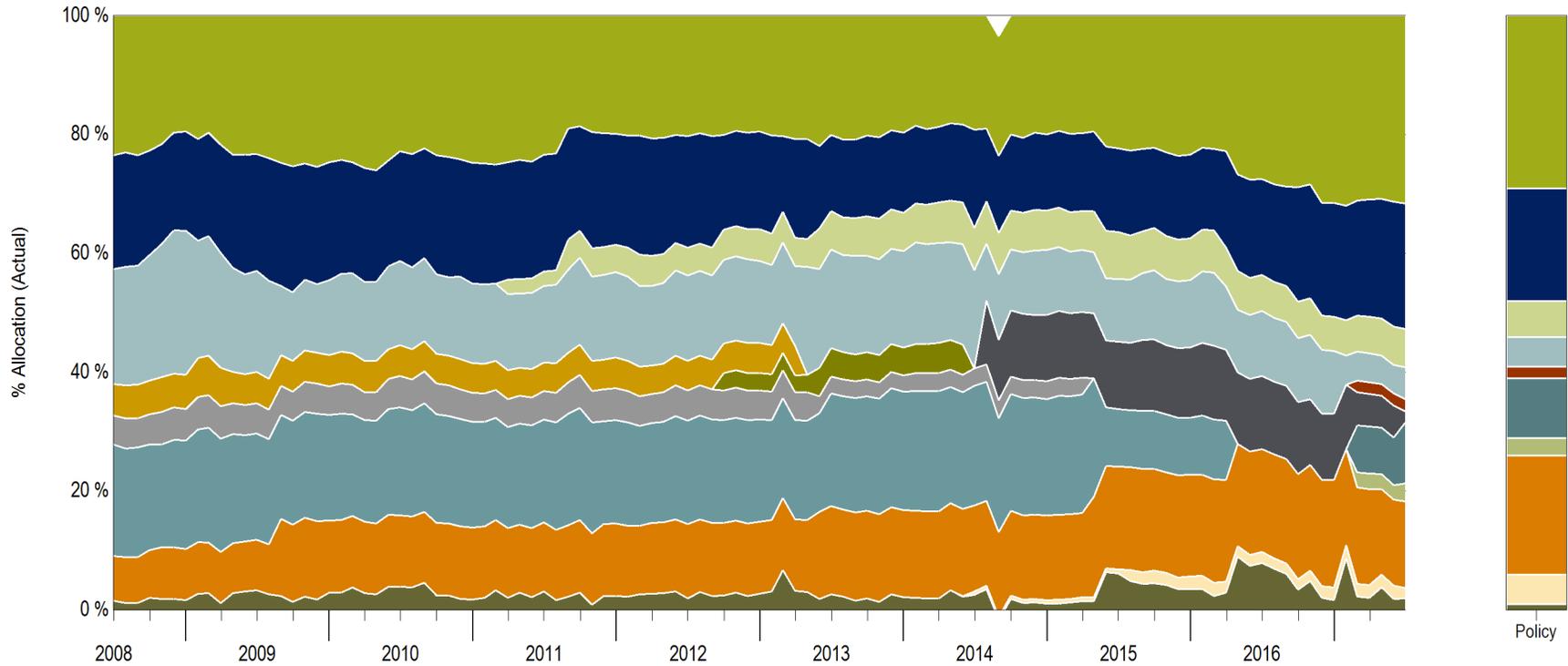
- On a look through basis, Domestic Equity is 32.2% of the fund, International Equity is 20.1% of the fund, and Emerging Market Equity is 10.7% of the fund.

- Within the Opportunistic allocation, dedicated Hedge Fund exposure is 3.8%, GMO has an Absolute Return allocation in their fund, increasing hedge fund exposure to 6.0%.

- Overall Fixed Income exposure is 23.8%, including GAA exposure. Dedicated Fixed income allocation has an intermediate duration.

Total Fund Asset Allocation History

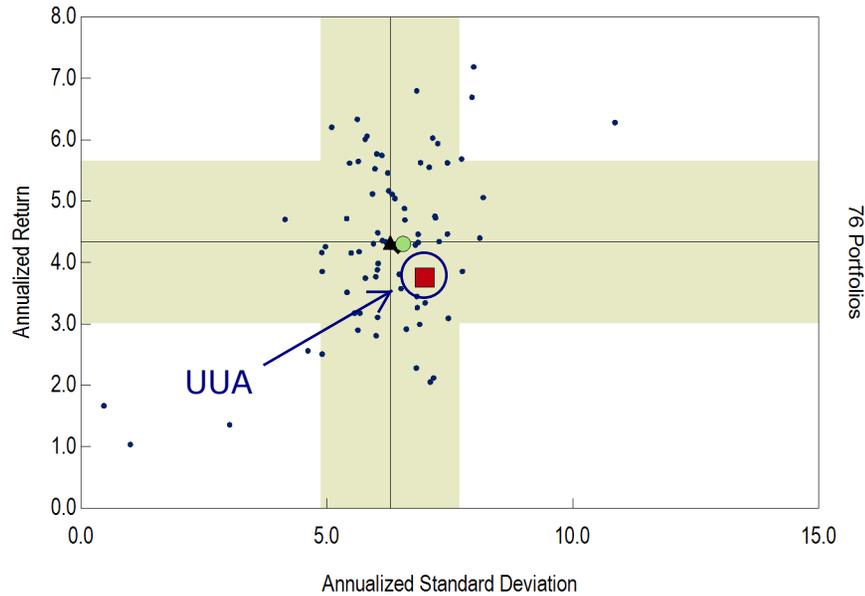
Asset Allocation History



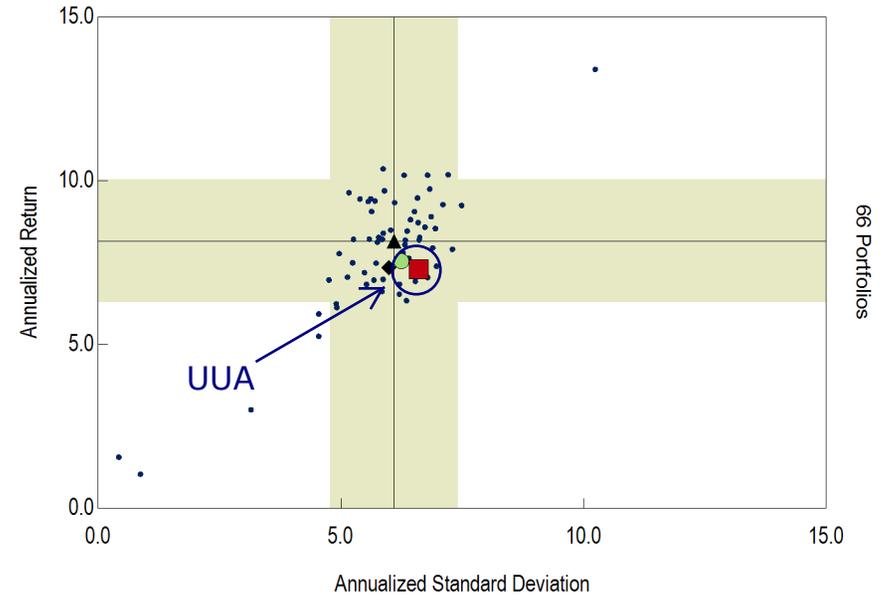
- | | | | | |
|---|--|--|---|--|
| ■ Equity - Domestic | ■ Fixed Income - Domestic | ■ Unconstrained Bonds | ■ Fixed Income - Global | ■ Opportunistic |
| ■ Equity - International | ■ Long Treasury | ■ Multi-Sector | ■ Opportunistic Fixed Income | ■ Private Markets |
| ■ Equity - Emerging | ■ High Yield | ■ Fixed Income - Emerging | ■ GAA/Risk Parity | ■ Cash |

Total Fund Risk/Return (Gross of Fees)

3 Years Ending June 30, 2017



5 Years Ending June 30, 2017



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

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

3 Years Ending June 30, 2017

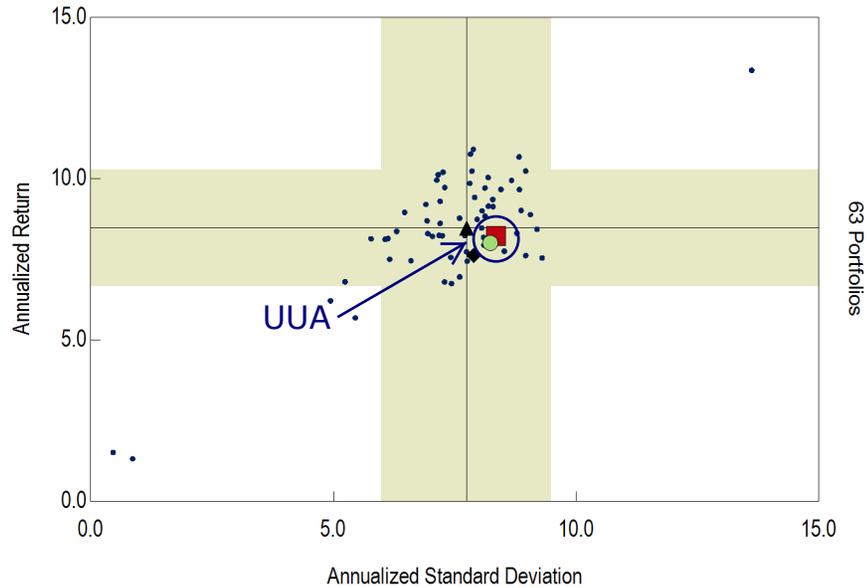
| | Anlzd Ret | Rank | Anlzd Std Dev | Rank | Sharpe Ratio | Rank | Info Ratio | Rank |
|------------------|-----------|------|---------------|------|--------------|------|------------|------|
| Composite | 3.75% | 68 | 6.99% | 75 | 0.50 | 78 | -0.36 | 74 |
| Allocation Index | 4.26% | 55 | 6.45% | 53 | 0.62 | 52 | -- | -- |
| Policy Index | 4.30% | 53 | 6.55% | 56 | 0.62 | 54 | 0.12 | 55 |

5 Years Ending June 30, 2017

| | Anlzd Ret | Rank | Anlzd Std Dev | Rank | Sharpe Ratio | Rank | Info Ratio | Rank |
|------------------|-----------|------|---------------|------|--------------|------|------------|------|
| Composite | 7.30% | 71 | 6.61% | 79 | 1.08 | 88 | -0.03 | 66 |
| Allocation Index | 7.34% | 71 | 5.99% | 48 | 1.20 | 74 | -- | -- |
| Policy Index | 7.54% | 65 | 6.25% | 55 | 1.18 | 75 | 0.42 | 37 |

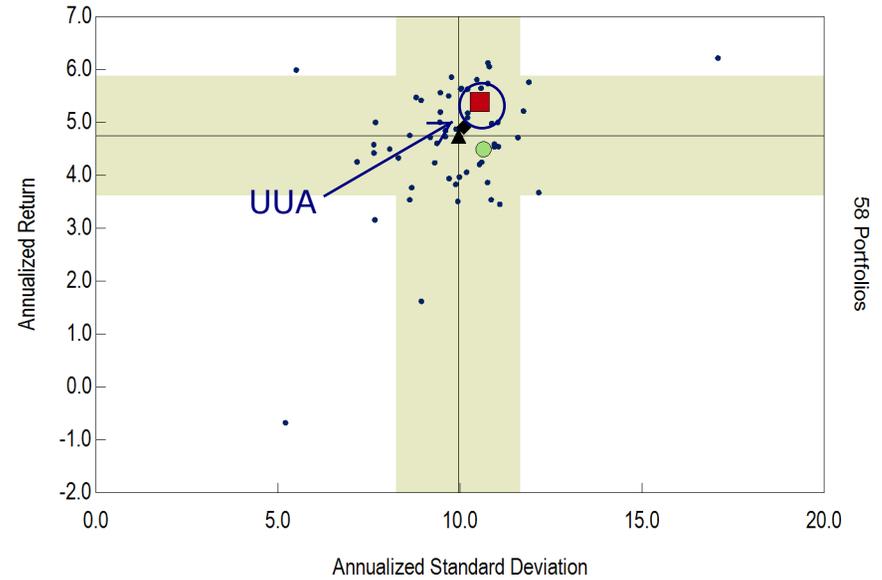
Total Fund Risk/Return (Gross of Fees)

7 Years Ending June 30, 2017



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

10 Years Ending June 30, 2017



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

7 Years Ending June 30, 2017

| | Anlzd Ret | Rank | Anlzd Std Dev | Rank | Sharpe Ratio | Rank | Info Ratio | Rank |
|------------------|-----------|------|---------------|------|--------------|------|------------|------|
| Composite | 8.21% | 65 | 8.36% | 80 | 0.97 | 84 | 0.44 | 30 |
| Allocation Index | 7.62% | 79 | 7.89% | 59 | 0.95 | 87 | -- | -- |
| Policy Index | 8.00% | 74 | 8.24% | 75 | 0.95 | 87 | 0.64 | 21 |

10 Years Ending June 30, 2017

| | Anlzd Ret | Rank | Anlzd Std Dev | Rank | Sharpe Ratio | Rank | Info Ratio | Rank |
|------------------|-----------|------|---------------|------|--------------|------|------------|------|
| Composite | 5.39% | 29 | 10.54% | 67 | 0.47 | 40 | 0.31 | 32 |
| Allocation Index | 4.90% | 46 | 10.10% | 56 | 0.44 | 57 | -- | -- |
| Policy Index | 4.49% | 66 | 10.64% | 71 | 0.38 | 67 | -0.31 | 92 |

Unitarian Universalist Common Endowment Fund, LLC

Total Fund Performance Detail (Net of Fees)

| | Market Value (\$) | % of Portfolio | Policy % | 3 Mo (%) | YTD (%) | Fiscal YTD (%) | 3 Yrs (%) | 5 Yrs (%) | 7 Yrs (%) | 10 Yrs (%) | Return (%) | Since |
|---------------------------------------|----------------------|-------------------|--------------|-------------|-------------|----------------------|--------------|--------------|--------------|---------------|---------------|---------------|
| Composite | 182,417,827 | 100.0 | 100.0 | 4.1 | 9.7 | 13.8 | 2.7 | 6.2 | 7.1 | 4.3 | 6.0 | Jul-02 |
| Allocation Index | | | | 3.4 | 8.1 | 12.6 | 4.3 | 7.3 | 7.6 | 4.9 | 6.8 | Jul-02 |
| Policy Index | | | | 3.2 | 8.0 | 13.2 | 4.3 | 7.5 | 8.0 | 4.5 | -- | Jul-02 |
| Domestic Equity Composite | 57,731,035 | 31.6 | 29.0 | 3.9 | 11.0 | 20.2 | 7.5 | 13.9 | 15.7 | 8.7 | 10.0 | Jul-02 |
| Russell 3000 | | | | 3.0 | 8.9 | 18.5 | 9.1 | 14.6 | 15.3 | 7.3 | 8.7 | Jul-02 |
| Rhumbline | 19,726,620 | 10.8 | 10.5 | 1.5 | 4.8 | 15.3 | 7.7 | 13.8 | 13.8 | 6.1 | 7.1 | Aug-05 |
| Russell 1000 Value | | | | 1.3 | 4.7 | 15.5 | 7.4 | 13.9 | 14.3 | 5.6 | 7.2 | Aug-05 |
| Sands | 22,074,110 | 12.1 | 10.5 | 7.4 | 22.9 | 26.6 | 8.3 | 14.5 | 18.2 | 11.7 | 11.1 | Dec-03 |
| Russell 1000 Growth | | | | 4.7 | 14.0 | 20.4 | 11.1 | 15.3 | 16.5 | 8.9 | 9.0 | Dec-03 |
| Pier Capital | 8,369,538 | 4.6 | 4.0 | 5.5 | 12.3 | 21.3 | 5.5 | 13.2 | 13.7 | 8.8 | 9.4 | Apr-07 |
| Russell 2000 Growth | | | | 4.4 | 10.0 | 24.4 | 7.6 | 14.0 | 15.2 | 7.8 | 8.3 | Apr-07 |
| Wellington SMID | 7,560,766 | 4.1 | 4.0 | -0.8 | -2.0 | 12.2 | -- | -- | -- | -- | 11.5 | Apr-16 |
| Russell 2500 Value | | | | 0.3 | 2.0 | 18.4 | 6.2 | 13.7 | 14.1 | 6.5 | 18.4 | Apr-16 |
| International Equity Composite | 50,250,312 | 27.5 | 25.0 | 8.1 | 17.3 | 20.5 | 1.4 | 6.6 | 5.6 | 0.0 | 6.0 | Jul-02 |
| MSCI ACWI ex USA | | | | 5.8 | 14.1 | 20.5 | 0.8 | 7.2 | 6.7 | 1.1 | 6.9 | Jul-02 |
| MFS International Concentrated | 14,782,483 | 8.1 | 7.0 | 10.4 | 18.8 | 26.3 | 3.5 | -- | -- | -- | 6.4 | Apr-13 |
| MSCI EAFE | | | | 6.1 | 13.8 | 20.3 | 1.1 | 8.7 | 7.9 | 1.0 | 5.7 | Apr-13 |
| Boston Common | 14,094,611 | 7.7 | 7.0 | 6.9 | 16.3 | 19.8 | 2.2 | 8.4 | 7.8 | -- | 5.8 | May-10 |
| MSCI EAFE | | | | 6.1 | 13.8 | 20.3 | 1.1 | 8.7 | 7.9 | 1.0 | 5.7 | May-10 |
| Baxter Street | 9,627,356 | 5.3 | 5.0 | 8.4 | 15.8 | 21.0 | -- | -- | -- | -- | 15.5 | Apr-16 |
| MSCI ACWI ex USA | | | | 5.8 | 14.1 | 20.5 | 0.8 | 7.2 | 6.7 | 1.1 | 15.5 | Apr-16 |
| RBC Global Emerging Equity | 11,745,863 | 6.4 | 6.0 | 6.4 | 17.9 | 14.3 | -- | -- | -- | -- | 14.3 | Jul-16 |
| MSCI Emerging Markets | | | | 6.3 | 18.4 | 23.7 | 1.1 | 4.0 | 3.9 | 1.9 | 23.7 | Jul-16 |

Unitarian Universalist Common Endowment Fund, LLC

Total Fund Performance Detail (Net of Fees)

| | Market Value (\$) | % of Portfolio | Policy % | 3 Mo (%) | YTD (%) | Fiscal YTD (%) | 3 Yrs (%) | 5 Yrs (%) | 7 Yrs (%) | 10 Yrs (%) | Return (%) | Since |
|--|----------------------|-------------------|-------------|-------------|------------|----------------------|--------------|--------------|--------------|---------------|---------------|---------------|
| Fixed Income Composite | 41,197,979 | 22.6 | 20.0 | 1.5 | 3.1 | 3.5 | 2.2 | 3.3 | 4.7 | 5.4 | 4.6 | Jul-02 |
| <i>BBgBarc US Aggregate TR</i> | | | | 1.4 | 2.3 | -0.3 | 2.5 | 2.2 | 3.2 | 4.5 | 4.5 | Jul-02 |
| Brandywine Global Opportunistic | 9,469,899 | 5.2 | 5.0 | 4.4 | -- | -- | -- | -- | -- | -- | 5.8 | Mar-17 |
| <i>Citi WGBI</i> | | | | 2.9 | 4.5 | -4.1 | -1.0 | -0.2 | 1.7 | 3.5 | 3.0 | Mar-17 |
| Loomis Multi Sector | 9,236,052 | 5.1 | 5.0 | 2.0 | -- | -- | -- | -- | -- | -- | 2.4 | Mar-17 |
| <i>BBgBarc US Govt/Credit TR</i> | | | | 1.7 | 2.7 | -0.4 | 2.6 | 2.3 | 3.4 | 4.6 | 1.6 | Mar-17 |
| Franklin Templeton GMS | 5,569,904 | 3.1 | 3.0 | -1.2 | -- | -- | -- | -- | -- | -- | 1.3 | Mar-17 |
| <i>BBgBarc Multiverse</i> | | | | 2.6 | 4.6 | -1.4 | -0.2 | 1.1 | 2.6 | 3.8 | 2.8 | Mar-17 |
| Breckinridge - Corporate | 9,768,742 | 5.4 | 5.0 | 0.9 | 1.8 | -0.3 | -- | -- | -- | -- | 2.2 | Nov-14 |
| <i>BBgBarc US Govt/Credit Int TR</i> | | | | 0.9 | 1.7 | -0.2 | 1.9 | 1.8 | 2.6 | 3.9 | 1.9 | Nov-14 |
| Breckinridge-Treasury | 3,702,372 | 2.0 | 2.0 | 3.9 | -- | -- | -- | -- | -- | -- | 3.2 | Mar-17 |
| <i>BBgBarc Treasury Long Term</i> | | | | 4.0 | 5.4 | -7.2 | 5.6 | 2.8 | 5.9 | 7.3 | 3.4 | Mar-17 |
| Loomis Sayles Strategic Alpha | 3,451,010 | 1.9 | 0.0 | 0.0 | 1.0 | 3.8 | -- | -- | -- | -- | 1.8 | Aug-14 |
| <i>BBgBarc US Aggregate TR</i> | | | | 1.4 | 2.3 | -0.3 | 2.5 | 2.2 | 3.2 | 4.5 | 2.6 | Aug-14 |
| <i>3-Month LIBOR + 3%</i> | | | | 1.1 | 2.1 | 4.1 | 3.6 | 3.5 | 3.5 | 4.0 | 3.6 | Aug-14 |
| Opportunistic Investments | 26,532,176 | 14.5 | 20.0 | 2.6 | 7.1 | 12.8 | 1.1 | 4.4 | -- | -- | -- | Jan-08 |
| <i>Opportunistic Benchmark</i> | | | | 1.9 | 5.6 | 8.0 | -- | -- | -- | -- | -- | Jan-08 |
| GMO Benchmark Free Allocation Fund | 19,610,374 | 10.8 | 10.0 | 2.8 | 7.6 | 10.1 | 1.0 | 4.6 | 6.1 | -- | 4.1 | Jan-08 |
| <i>65% MSCI World (Net) /35% BBgBarc Aggregate</i> | | | | 3.1 | 7.7 | 11.4 | 4.4 | 8.2 | 8.7 | 4.5 | 4.5 | Jan-08 |
| <i>CPI + 5% (Unadjusted)</i> | | | | 1.7 | 4.0 | 6.7 | 6.0 | 6.4 | 6.8 | 6.7 | 6.7 | Jan-08 |
| Cevian Capital II | 6,120,125 | 3.4 | 3.0 | 2.9 | 10.7 | 35.3 | -- | -- | -- | -- | 4.9 | Apr-15 |
| <i>HFRX Event Driven Index</i> | | | | 1.6 | 4.6 | 12.5 | -0.2 | 4.0 | 2.9 | 0.6 | 2.9 | Apr-15 |
| <i>MSCI EAFE</i> | | | | 6.1 | 13.8 | 20.3 | 1.1 | 8.7 | 7.9 | 1.0 | 3.8 | Apr-15 |
| Entrust Class X | 600,100 | 0.3 | | -0.5 | -1.1 | -- | -- | -- | -- | -- | -1.1 | Jan-17 |
| Entrust Capital Diversified Fund Holdback | 201,577 | 0.1 | | | | | | | | | | |



Unitarian Universalist Common Endowment Fund, LLC

Total Fund Performance Detail (Net of Fees)

| | Market Value (\$) | % of Portfolio | Policy % | 3 Mo (%) | YTD (%) | Fiscal YTD (%) | 3 Yrs (%) | 5 Yrs (%) | 7 Yrs (%) | 10 Yrs (%) | Return (%) | Since |
|---|----------------------|-------------------|------------|-------------|------------|----------------------|--------------|--------------|--------------|---------------|---------------|---------------|
| Private Markets/Oppportunistic | 3,281,312 | 1.8 | 5.0 | 3.0 | 6.0 | 8.9 | 7.1 | -- | -- | -- | 6.9 | May-14 |
| <i>Private Markets Custom Benchmark</i> | | | | 3.6 | 8.7 | 16.7 | 9.9 | -- | -- | -- | 11.5 | May-14 |
| FEG Private Opportuntiiies Fund | 1,637,335 | 0.9 | | | | | | | | | | |
| <i>Private Equity Benchmark</i> | | | | | | | | | | | | |
| Brockton Capital Fund III | 1,424,706 | 0.8 | | | | | | | | | | |
| <i>NCREIF Property Index</i> | | | | | | | | | | | | |
| SJF Ventures | 219,271 | 0.1 | | | | | | | | | | |
| <i>Private Equity Benchmark</i> | | | | | | | | | | | | |
| Community Development | 1,571,963 | 0.9 | 1.0 | 0.3 | 0.8 | 1.3 | 1.1 | 1.2 | 1.4 | 1.7 | 1.7 | Jul-07 |
| <i>91 Day T-Bills</i> | | | | 0.2 | 0.4 | 0.5 | 0.2 | 0.2 | 0.1 | 0.4 | 0.4 | Jul-07 |
| Cash | 1,853,050 | 1.0 | 0.0 | | | | | | | | | |

Fiscal Year End: 6/30

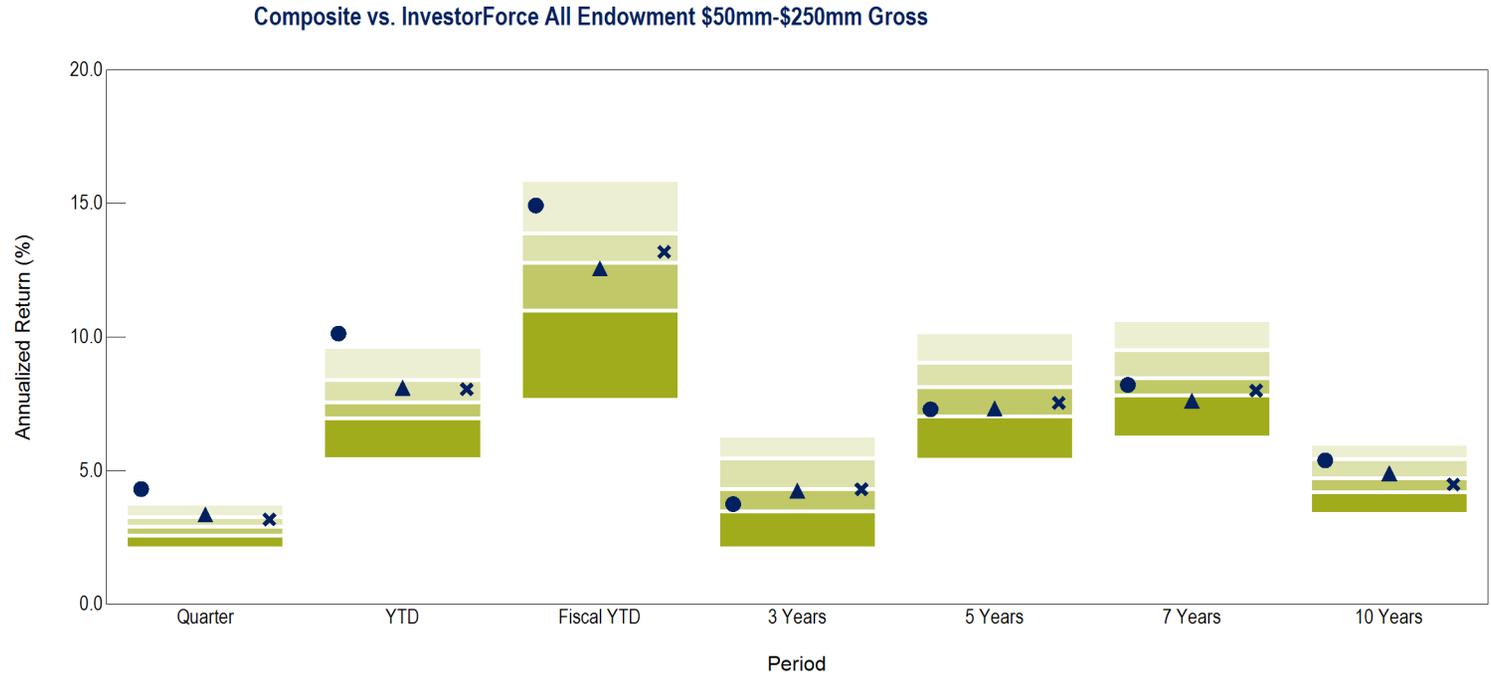
GMO Benchmark Free Allocation Fund from May 2013, returns are for the GMO Global Balanced Fund.

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.

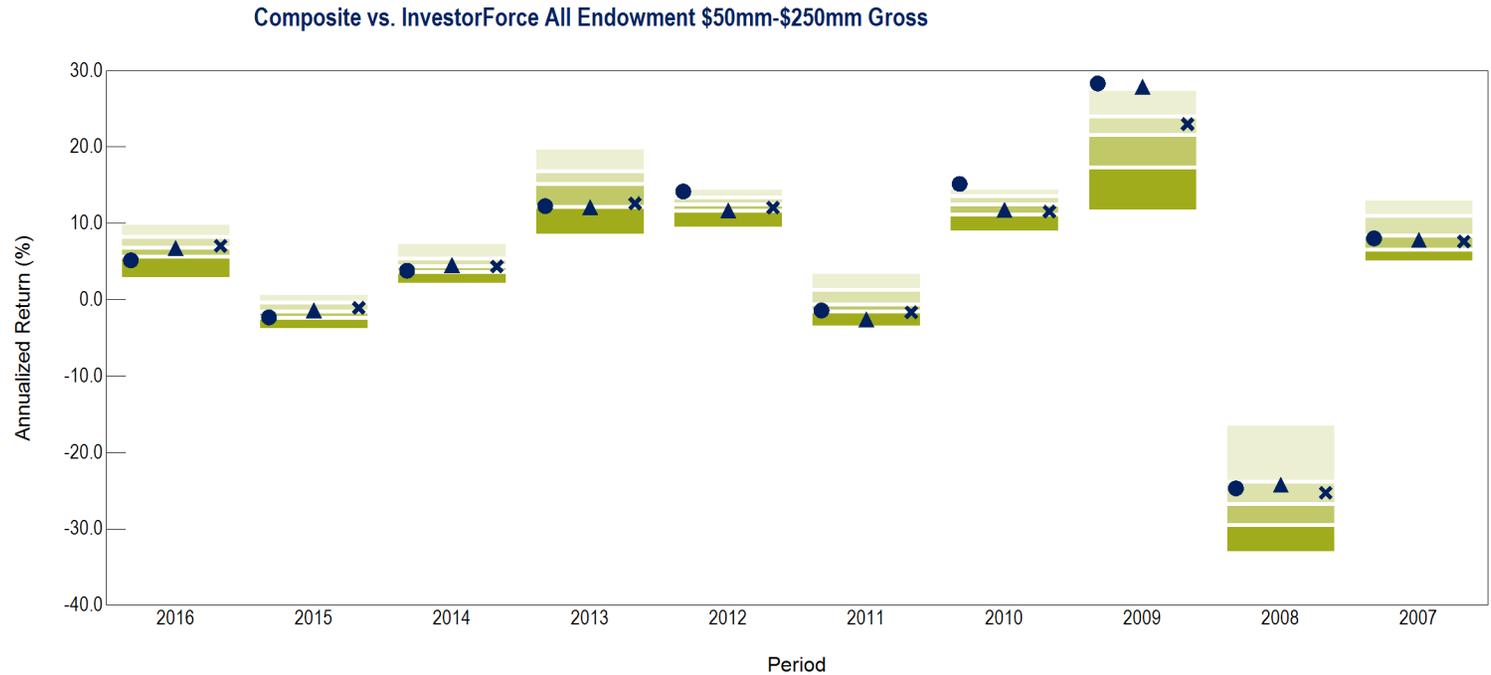
Cash market Value includes \$249,912.70 adjustment for pending capital additions into the UUA Endowment Fund.

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



| | Return (Rank) | | | | | | | | | | | | | |
|--------------------|---------------|------|------|------|------|------|-----|------|-----|------|-----|------|-----|------|
| 5th Percentile | 3.8 | 9.6 | 15.9 | 6.3 | 10.2 | 10.6 | 6.0 | | | | | | | |
| 25th Percentile | 3.3 | 8.4 | 13.9 | 5.5 | 9.1 | 9.5 | 5.5 | | | | | | | |
| Median | 2.9 | 7.6 | 12.8 | 4.3 | 8.1 | 8.5 | 4.7 | | | | | | | |
| 75th Percentile | 2.6 | 7.0 | 11.0 | 3.5 | 7.0 | 7.8 | 4.2 | | | | | | | |
| 95th Percentile | 2.1 | 5.4 | 7.7 | 2.1 | 5.4 | 6.3 | 3.4 | | | | | | | |
| # of Portfolios | 86 | 85 | 84 | 76 | 66 | 63 | 58 | | | | | | | |
| ● Composite | 4.3 | (2) | 10.1 | (2) | 14.9 | (13) | 3.7 | (68) | 7.3 | (71) | 8.2 | (65) | 5.4 | (29) |
| ▲ Allocation Index | 3.4 | (23) | 8.1 | (35) | 12.6 | (55) | 4.3 | (55) | 7.3 | (71) | 7.6 | (79) | 4.9 | (46) |
| × Policy Index | 3.2 | (30) | 8.0 | (36) | 13.2 | (42) | 4.3 | (53) | 7.5 | (65) | 8.0 | (74) | 4.5 | (66) |

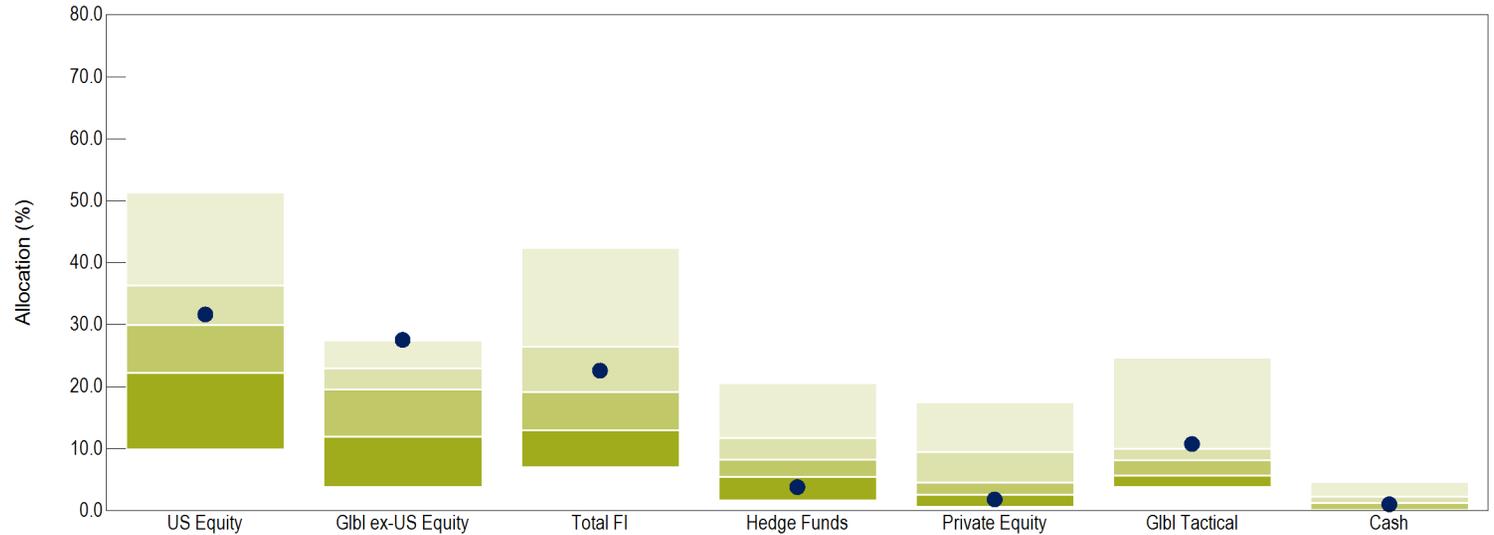
Total Fund Return Summary vs. Peer Universe (Gross of Fees)



| | Return (Rank) | | | | | | | | | |
|--------------------|---------------|-----------|----------|-----------|-----------|-----------|-----------|-----------|------------|----------|
| 5th Percentile | 10.1 | 0.9 | 7.5 | 19.9 | 14.6 | 3.6 | 14.6 | 27.6 | -16.3 | 13.2 |
| 25th Percentile | 8.3 | -0.3 | 5.5 | 16.9 | 13.4 | 1.3 | 13.7 | 24.1 | -23.8 | 11.0 |
| Median | 6.9 | -1.5 | 4.4 | 15.2 | 12.5 | -0.6 | 12.5 | 21.6 | -26.7 | 8.4 |
| 75th Percentile | 5.7 | -2.3 | 3.6 | 12.2 | 11.7 | -1.5 | 11.2 | 17.3 | -29.4 | 6.6 |
| 95th Percentile | 2.8 | -3.9 | 2.0 | 8.4 | 9.4 | -3.6 | 8.8 | 11.6 | -33.1 | 4.9 |
| # of Portfolios | 79 | 80 | 90 | 81 | 83 | 82 | 77 | 75 | 71 | 68 |
| ● Composite | 5.2 (84) | -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) |
| ▲ Allocation Index | 6.8 (53) | -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) |
| × Policy Index | 7.0 (48) | -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) |

Total Fund Allocations vs. Peer Universe

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



| | US Equity | | Gbl ex-US Equity | | Total FI | | Hedge Funds | | Private Equity | | Gbl Tactical | | Cash | |
|---------------------------------|-----------|------|------------------|-----|----------|------|-------------|------|----------------|------|--------------|------|------|------|
| 5th Percentile | 51.3 | | 27.5 | | 42.4 | | 20.5 | | 17.5 | | 24.7 | | 4.7 | |
| 25th Percentile | 36.5 | | 23.0 | | 26.5 | | 11.8 | | 9.6 | | 10.1 | | 2.4 | |
| Median | 30.0 | | 19.7 | | 19.2 | | 8.3 | | 4.6 | | 8.3 | | 1.3 | |
| 75th Percentile | 22.3 | | 12.0 | | 13.1 | | 5.6 | | 2.7 | | 5.7 | | 0.2 | |
| 95th Percentile | 10.0 | | 3.9 | | 7.1 | | 1.7 | | 0.7 | | 3.9 | | 0.0 | |
| # of Portfolios | 74 | | 76 | | 83 | | 53 | | 48 | | 22 | | 70 | |
| • Composite | 31.6 | (46) | 27.5 | (5) | 22.6 | (37) | 3.8 | (87) | 1.8 | (85) | 10.8 | (20) | 1.0 | (56) |
| UUA Net Asset Allocation | 32.2 | | 30.8 | | 23.8 | | 6.0 | | 1.8 | | 1.0 | | 4.5 | |

Above analytic does not include Community Development, whereas UUA Net Asset Allocation does

Unitarian Universalist Common Endowment Fund, LLC

Total Fund Risk Statistics

3 Years Ending June 30, 2017

| | % of Tot | Anlzd Ret | Rank | Anlzd Std Dev | Rank | Sharpe Ratio | Rank | Info Ratio | Rank |
|--------------------------------|----------|-----------|------|---------------|------|--------------|------|------------|------|
| Composite | 100.00% | 3.75% | 68 | 6.99% | 75 | 0.50 | 78 | -0.36 | 74 |
| Allocation Index | -- | 4.26% | 55 | 6.45% | 53 | 0.62 | 52 | -- | -- |
| Domestic Equity Composite | 31.65% | 8.05% | 56 | 11.84% | 51 | 0.66 | 53 | -0.33 | 65 |
| Russell 3000 | -- | 9.10% | 38 | 10.63% | 27 | 0.83 | 30 | -- | -- |
| International Equity Composite | 27.55% | 2.13% | 65 | 12.46% | 65 | 0.15 | 66 | 0.54 | 52 |
| MSCI ACWI ex USA | -- | 0.80% | 86 | 12.44% | 64 | 0.05 | 86 | -- | -- |
| Fixed Income Composite | 22.58% | 2.66% | 44 | 1.92% | 7 | 1.27 | 12 | 0.09 | 41 |
| BBgBarc US Aggregate TR | -- | 2.48% | 45 | 2.90% | 17 | 0.77 | 38 | -- | -- |
| Opportunistic Investments | 14.54% | 1.87% | -- | 6.66% | -- | 0.24 | -- | -- | -- |

5 Years Ending June 30, 2017

| | % of Tot | Anlzd Ret | Rank | Anlzd Std Dev | Rank | Sharpe Ratio | Rank | Info Ratio | Rank |
|--------------------------------|----------|-----------|------|---------------|------|--------------|------|------------|------|
| Composite | 100.00% | 7.30% | 71 | 6.61% | 79 | 1.08 | 88 | -0.03 | 66 |
| Allocation Index | -- | 7.34% | 71 | 5.99% | 48 | 1.20 | 74 | -- | -- |
| Domestic Equity Composite | 31.65% | 14.53% | 51 | 11.34% | 54 | 1.27 | 54 | -0.01 | 51 |
| Russell 3000 | -- | 14.58% | 50 | 9.80% | 21 | 1.47 | 23 | -- | -- |
| International Equity Composite | 27.55% | 7.32% | 91 | 11.48% | 56 | 0.62 | 90 | 0.04 | 90 |
| MSCI ACWI ex USA | -- | 7.22% | 92 | 11.56% | 59 | 0.61 | 92 | -- | -- |
| Fixed Income Composite | 22.58% | 3.75% | 45 | 3.00% | 18 | 1.20 | 34 | 0.69 | 34 |
| BBgBarc US Aggregate TR | -- | 2.21% | 67 | 2.86% | 15 | 0.72 | 54 | -- | -- |
| Opportunistic Investments | 14.54% | 5.21% | -- | 6.21% | -- | 0.81 | -- | -- | -- |



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:
 $(\text{Annualized Return of Portfolio} - \text{Annualized Return of Benchmark}) / \text{Annualized Standard Deviation}(\text{Period Portfolio Return} - \text{Period Benchmark Return})$. 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:
 $\text{Calculation Average } (X-Y) / \text{Downside Deviation } (X-Y) * 2$
 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:
 $(\text{Annualized Return of Portfolio} - \text{Annualized Return of Risk Free}) / \text{Annualized Standard Deviation (Portfolio Returns)}$

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:
 $\text{Tracking Error} = \text{Standard Deviation } (X-Y) * \sqrt{\# \text{ of periods per year}}$
 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:
 $(\text{Portfolio Average Return} - \text{Average Return of Risk-Free Rate}) / \text{Portfolio Beta}$

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.

$\text{Upside Capture} = \text{Total Return}(\text{Fund Returns}) / \text{Total Returns}(\text{BM Return})$ when Period Benchmark Return is $> = 0$

$\text{Downside Capture} = \text{Total Return}(\text{Fund Returns}) / \text{Total Returns}(\text{BM Return})$ when Benchmark < 0

Data Source: InvestorForce



Disclaimer

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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.