



UUCEF, LLC Investor Call

September 6, 2017

3pm Eastern

Presenters:

Tim Brennan, UUA Treasurer and CFO

Kathleen Gaffney, Chair, UUA Investment Committee

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

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Agenda

- Performance Review
- August 31st Investment Committee meeting review
- Questions and Answers

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

Period Ending June 30, 2017



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

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

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

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

Fiscal Year End: 6/30

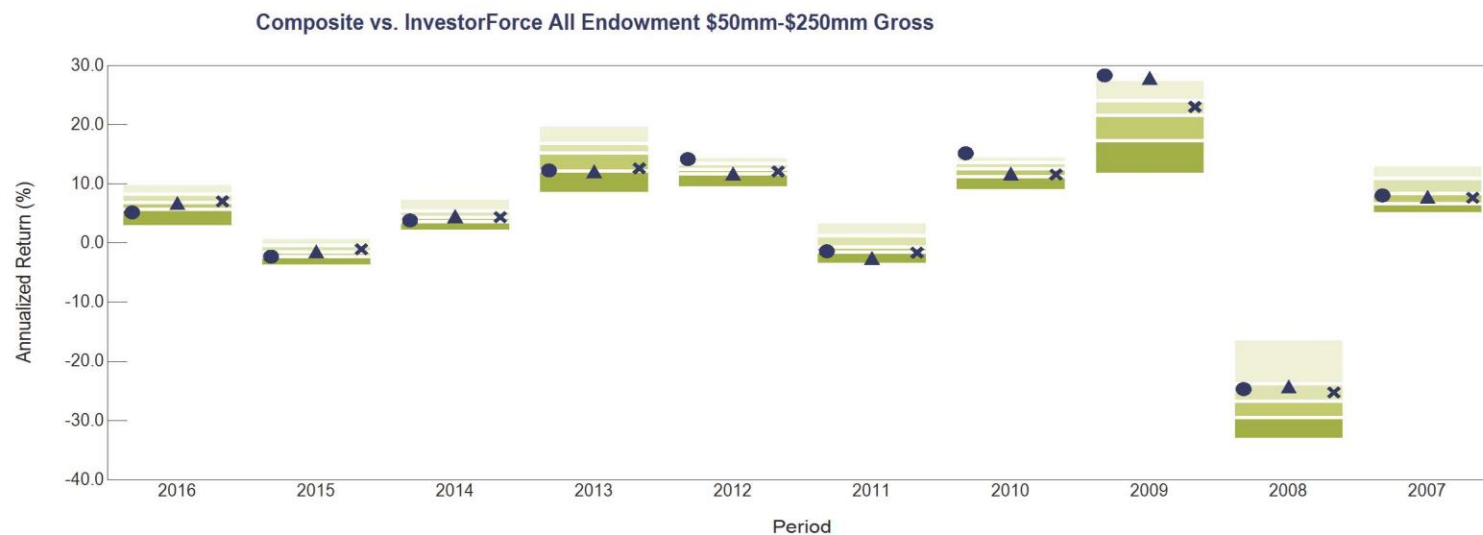


NEPC, LLC

June 30, 2017

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

Period Ending June 30, 2017



	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)

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

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

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



NEPC, LLC

June 30, 2017

Unitarian Universalist Common Endowment Fund, LLC

Net Performance Summary

As of July 31, 2017

	Market Value (\$)	% of Portfolio	Policy %	1 Mo (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	7 Yrs (%)	10 Yrs (%)	Return (%)	Since
Composite (Gross)	185,463,446	100.0	100.0	2.0	12.3	13.8	4.8	7.5	7.7	5.7	7.2	Jul-02
Allocation Index				2.0	10.2	11.6	5.2	7.5	7.1	5.2	6.9	Jul-02
Policy Index				1.8	10.0	11.8	5.3	7.7	7.4	4.8	--	Jul-02
Composite (Net)	185,463,446	100.0	100.0	1.9	11.8	12.7	3.7	6.4	6.7	4.6	6.1	Jul-02
Allocation Index				2.0	10.2	11.6	5.2	7.5	7.1	5.2	6.9	Jul-02
Policy Index				1.8	10.0	11.8	5.3	7.7	7.4	4.8	--	Jul-02
Domestic Equity Composite	59,046,889	31.8	29.0	2.2	13.5	16.8	8.8	14.5	14.9	9.3	10.1	Jul-02
Russell 3000				1.9	11.0	16.1	10.5	14.8	14.5	7.8	8.7	Jul-02
Rhumbline	19,890,068	10.7	10.5	0.8	5.7	12.6	8.6	14.0	13.0	6.5	7.1	Aug-05
Russell 1000 Value				1.3	6.0	13.8	8.5	14.0	13.5	6.2	7.2	Aug-05
Sands	23,174,206	12.5	10.5	4.9	28.9	23.7	9.7	15.5	17.5	12.1	11.4	Dec-03
Russell 1000 Growth				2.7	17.0	18.1	12.7	15.6	15.8	9.4	9.1	Dec-03
Pier Capital	8,480,768	4.6	4.0	1.2	13.7	15.3	8.4	13.6	13.1	9.2	9.4	Apr-07
Russell 2000 Growth				0.9	10.9	17.8	10.2	14.6	14.2	8.5	8.3	Apr-07
Wellington SMID	7,501,847	4.0	4.0	-0.9	-2.9	7.6	--	--	--	--	10.1	Apr-16
Russell 2500 Value				0.8	2.7	14.1	8.2	14.0	13.1	7.4	17.9	Apr-16
International Equity Composite	51,899,562	28.0	25.0	3.3	21.2	19.8	2.9	7.1	4.9	0.4	6.2	Jul-02
MSCI ACWI ex USA				3.7	18.3	19.0	2.4	7.7	5.9	1.5	7.1	Jul-02
MFS International Concentrated	15,104,903	8.1	7.0	2.2	21.4	23.2	5.6	--	--	--	6.8	Apr-13
MSCI EAFE				2.9	17.1	17.8	2.8	9.1	7.0	1.5	6.3	Apr-13
Boston Common	14,531,579	7.8	7.0	3.1	19.9	18.8	3.7	8.9	6.9	--	6.1	May-10
MSCI EAFE				2.9	17.1	17.8	2.8	9.1	7.0	1.5	6.1	May-10
Baxter Street	9,948,285	5.4	5.0	3.3	19.7	19.7	--	--	--	--	17.3	Apr-16
MSCI ACWI ex USA				3.7	18.3	19.0	2.4	7.7	5.9	1.5	17.6	Apr-16
RBC Global Emerging Equity	12,314,794	6.6	6.0	4.8	23.6	17.1	--	--	--	--	18.2	Jul-16
MSCI Emerging Markets				6.0	25.5	24.8	2.4	4.8	3.5	2.0	28.4	Jul-16

Unitarian Universalist Common Endowment Fund, LLC

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As of July 31, 2017

	Market Value (\$)	% of Portfolio	Policy %	1 Mo (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	7 Yrs (%)	10 Yrs (%)	Return (%)	Since
Fixed Income Composite	41,577,056	22.4	20.0	0.9	4.0	3.7	2.6	3.1	4.4	5.5	4.6	Jul-02
BBgBarc US Aggregate TR				0.4	2.7	-0.5	2.7	2.0	3.1	4.4	4.5	Jul-02
Brandywine Global Opportunistic	9,740,465	5.3	5.0	2.8	--	--	--	--	--	--	8.8	Mar-17
Citi WGBI				1.9	6.4	-2.9	-0.1	0.0	1.4	3.4	5.0	Mar-17
Loomis Multi Sector	9,336,992	5.0	5.0	1.0	--	--	--	--	--	--	3.4	Mar-17
BBgBarc US Govt/Credit TR				0.4	3.1	-0.8	2.8	2.0	3.3	4.5	2.0	Mar-17
Franklin Templeton GMS	5,540,155	3.0	3.0	-0.6	--	--	--	--	--	--	0.7	Mar-17
BBgBarc Multiverse				1.7	6.4	-0.5	0.7	1.2	2.4	3.8	4.6	Mar-17
Breckinridge - Corporate	9,808,911	5.3	5.0	0.4	2.2	-0.2	--	--	--	--	2.2	Nov-14
BBgBarc US Govt/Credit Int TR				0.5	2.2	0.0	2.1	1.7	2.5	3.8	2.0	Nov-14
Breckinridge-Treasury	3,679,256	2.0	2.0	-0.7	--	--	--	--	--	--	2.5	Mar-17
BBgBarc Treasury Long Term				-0.6	4.8	-9.8	5.2	2.0	5.8	7.0	2.8	Mar-17
Loomis Sayles Strategic Alpha	3,471,276	1.9	0.0	0.5	1.5	3.4	1.9	--	--	--	1.9	Aug-14
BBgBarc US Aggregate TR				0.4	2.7	-0.5	2.7	2.0	3.1	4.4	2.7	Aug-14
3-Month LIBOR + 3%				0.4	2.4	4.1	3.6	3.5	3.5	4.0	3.6	Aug-14
Opportunistic Investments	26,624,309	14.4	20.0	0.3	7.5	9.8	1.5	4.2	--	--	--	Jan-08
Opportunistic Benchmark				1.4	7.0	8.8	--	--	--	--	--	Jan-08
GMO Benchmark Free Allocation Fund	19,911,803	10.7	10.0	1.5	9.3	9.4	2.0	4.8	5.6	--	4.3	Jan-08
65% MSCI World (Net) /35% BBgBarc Aggregate				1.7	9.5	10.0	5.4	8.3	8.1	4.8	4.6	Jan-08
CPI + 5% (Unadjusted)				0.3	4.3	6.8	5.9	6.4	6.7	6.7	6.7	Jan-08
Cevian Capital II	5,912,445	3.2	3.0	-3.4	6.9	19.4	--	--	--	--	3.1	Apr-15
FRX Event Driven Index				1.0	5.7	11.0	0.4	4.1	2.9	0.8	3.2	Apr-15
MSCI EAFE				2.9	17.1	17.8	2.8	9.1	7.0	1.5	4.9	Apr-15
Entrust Capital Diversified Fund Holdback	201,577	0.1	5.0									
Entrust Class X	598,484	0.3	2.0	-0.3	-1.4	--	--	--	--	--	-1.4	Jan-17

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	Market Value (\$)	% of Portfolio	Policy %	1 Mo (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	7 Yrs (%)	10 Yrs (%)	Return (%)	Since
Private Markets/Opportunistic	3,401,886	1.8	5.0	5.2	11.5	16.8	8.9	--	--	--	8.4	May-14
Private Markets Custom Benchmark				0.0	8.7	16.7	9.9	--	--	--	11.2	May-14
FEG Private Opportunities Fund	1,610,458	0.9										
Private Equity Benchmark												
Brockton Capital Fund III	1,572,157	0.8										
NCREIF Property Index												
SJF Ventures	219,271	0.1										
Private Equity Benchmark												
Community Development	1,571,963	0.8	1.0	0.0	0.8	1.2	1.1	1.2	1.4	1.7	1.7	Jul-07
91 Day T-Bills				0.1	0.5	0.6	0.3	0.2	0.1	0.4	0.4	Jul-07
Cash	1,341,782	0.7	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 \$72,049.96 adjustment for pending capital additions into the UUA Endowment Fund.

Fund Commentary

- The endowment returned 4.3% (gross of fees) during Q2 of 2017, ranking in the 2nd percentile in the peer endowment universe, outperforming the allocation and policy indices.
- Over the trailing one-year period, the endowment returned 14.9% (gross of fees), ranking in the 13th percentile in the peer endowment universe, outperforming the allocation and policy indices.
- Over the ten-year time period, performance ranked in the second quartile of the peer universe.
- For the previous rolling one year, the endowment returned 12.7% (net of fees) as of July 31, 2017.

Investment Committee Highlights

- Discussion of Investment Policy and Guidelines for the Investment Committee and Socially Responsible Investment Committee
- Update on fulfilling the 2014 Business resolution on Fossil Fuels
- Small Cap Manager Interviews
 - Kennedy Capital Management
 - Elk Creek Partners

Supplemental Information

Fund Oversight

- UUA Board of Trustees – ultimate fiduciaries
- Investment Committee – includes investment professionals
- Socially Responsible Investing Committee
- UUA Treasurer – management, rebalancing
- Investment consultant – NEPC
- SRI analyst – Sustainalytics
- Specialized investment managers
- Custodian – US 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: treasuries, core bonds, multi-sector, opportunistic
 - Opportunistic investments: hedge funds, global asset allocation
 - Private markets
- See <http://uucef.org/files/2017/06/UUA-Manager-Summary.pdf> for information on the investment managers.

Asset Allocation Targets

Asset Class	Target Allocation
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
- Julie Skye
- Tim Brennan, Treasurer
- Lucia Santini, Financial Advisor

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>

Glossary:

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>
- **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

Glossary:

- **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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