



NEPC, LLC

YOU DEMAND MORE. *So do we.*SM



Unitarian Universalist Association of Congregations

Third Quarter Meeting Materials

November 9, 2017

Scott Perry, CAIA, Partner
Asher Watson, Consultant

255 State Street, Boston, MA 02109 | TEL: 617.374.1300 | FAX: 617.374.1313 | www.nepc.com

BOSTON | ATLANTA | CHARLOTTE | CHICAGO | DETROIT | LAS VEGAS | SAN FRANCISCO

	<u>Tab</u>
Administrative	1
- Agenda	
- Minutes	
- Manager Summary Memo	
NEPC Updates	2
Market Environment & Outlook	3
Investment Program Review	4
- Executive Summary	
- Total Fund Summary	
Appendix	5
- Disclosures	

Administrative



Unitarian Universalist Association Investment Committee Meeting Agenda

November 9, 2017

24 Farnsworth Street, Boston, MA 02210-1409

11:15 am	Agenda Overview and Performance/Market Review	Gaffney and NEPC
11:30 am	Intersection of Fiduciary Duty and Socially Responsible Investing	Tim Brennan
12:00 pm	Working Lunch: SRIC/IC Integration <ul style="list-style-type: none">• Consistent language defining UU values across all documents)• Key questions for February presentation on screening by• Update from SRIC on Screening, Community Investing and Shareholder Advocacy	IC & SRIC <ul style="list-style-type: none">• Lasher/Mulvey• Lasher/Stewart• SRIC
1:00 pm	Break/Adjourn Joint Session	IC & SRIC
1:15 pm	Private Equity Allocation	NEPC & IC
2:00 pm	Reinventure Capital Discussion	NEPC & IC
2:15 pm	Adjournment	NEPC & IC

UUA Investment Committee – Minutes - DRAFT

24 Farnsworth Street, Room 210

Boston, MA 02210

August 31, 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, Kristine Pelitier

SRI Committee: Vonda Brunsting, Kathy Mulvey, Julie Skye

Kennedy Capital Management: Scott Kearney, John Rackers

Elk Creek Partners: Chris Henkel, Cam Philpott (phone)

1. Minutes from May 17, 2017 - Gaffney

Motion 1: To approve minutes from the May 17, 2017 meeting. Moved: Gaffney, seconded: Lasher. Approved without amendment.

2. Intersection of Fiduciary Duty and Socially Responsible Investing – Joint Committees

- Previously raised concerns over fiduciary duty and socially responsible investing led us to obtain an opinion from our legal counsel. Opinion letter didn't raise any concerns over investment strategy.
- Need to become consistent with language defining Unitarian Universalist values across all documents. Foundation positive and negative screening guidelines, bylaws and resolution passed by the General Assembly or votes of the Board of Trustees.
- Will be reviewing the guidelines of both committees to clarify processes and responsibilities of each.
- SRIC will review any new resolutions passed at General Assembly and votes of the Board of Trustees, if any, at an annual meeting, provide updated Socially

Responsible Investing Guidelines to the overall committee for review and discussion/implementation.

- Proxy voting is an important element of exercising fiduciary duty and should be reviewed by integrated committee.
- Faust, of the SRIC, has been working on revising the Community Investment Guidelines. Will bring them to the full committee for review when completed.
- A review of the policies and guidelines of the both the Investment Committee (IC) and Socially Responsible Investing Committee (SRIC) define the responsibilities of these committees as:
 - i. Investment Committee
 1. Manage the endowment funds subject to control by the Board of Trustees.
 2. Adopt all policies necessary for the operations of the UUCEF.
 3. Review and approve the Investment Information Memorandum.
 4. Having the authority over investment decisions.
 5. At least once every two years, the IC and SRIC shall jointly report to the BOT and the UUCEF investors. Report will discuss performance of the fund, including its success in meeting its return, risk and SRI objectives
 - ii. Socially Responsible Investing Committee
 1. To advise the UU Common Endowment Fund (UUCEF) Investment Committee on investment policy issues, with particular regard to stock screening and manager selection.
 2. To assist the UUA staff with community investment, shareholder advocacy, and educating UU congregations on socially responsible investment.
 3. To advise the UUA Board on needed changes in the UUCEF's governing documents, and to report to the UUA Board on the UUCEF's success in meeting its socially responsible investment objectives.
 4. To carry out any other responsibilities stated in the UUCEF bylaws.

Action item 1: Brennan to ask legal counsel to provide an opinion on who has the final authority should a conflicting decision between General Assembly and the Investment Committee, as fiduciary body, occur.

Action item 2: Brennan to ask legal counsel to determine if the Investment Committee can delegate the CDFI investment decisions to the SRIC within established guidelines.

Action item 3: SRIC to prepare revised Socially Responsible Investing Guidelines to be reviewed and discussed by all at a future meeting.

Action item 4: Lasher and Mulvey to work on creating consistent language defining UU values to be used across all documents.

Action item 5: Lasher and Stewart to continue review and work on procedures for both committees.

3. Fulfilling the 2014 Business Resolution on Fossil Fuel Company Divestment – Joint Committees

- Per the business resolution, we are able to maintain our position in fossil fuel companies with which we are engaged on the issue of climate change.
- Stocks, where engagement or dialogue is underway or planned for in future years, will continue to be held.
- Will reformat the holdings report to separate and clearly identify the fossil fuel companies that remain for engagement and dialogue.
- Discussed ways to more broadly communicate actions.

Motion 2: To sell the holding in Consol Energy Inc., Chesapeake Energy Corp., Denbury Resources Inc., Range Resources Corp., and WPX Energy Inc. Moved: LaPann, seconded: Santini. All approved.

Action item 6: Mulvey to provide an update to UU Divest.

4. Market Update and Performance Review: NEPC

- Asset classes driving our absolute performance and peer relative rankings are emerging market equity, international developed equity, global equity and emerging market debt.
- The endowment returned 4.3% (gross of fees) during the 2nd quarter of 2017, ranking 2nd in the peer universe, outperforming both the allocation and policy indexes.
- Over the trailing one-year period, the endowment returned 14.9% (gross of fees), ranking 13th in the peer universe and outperforming both the allocation and policy indexes.
- Over the ten-year time period, performance ranked in the second quartile of the peer universe with manager selection and tactical allocation being the primary drivers of overall performance.
- Investment earnings of 7.5 million offset the outflows of 4.4 million for the quarter.
- Over the 3 year period, underperformance is due to active management. This has reversed over the last 6 to 9 months with active management driving outperformance.

5. Kennedy Capital Management Interview – Kearney, Rackers

- Independent, employee owned; provides stability and continuity.
- Experienced Small Cap specialists with 37 years of experience.
- Compensation is tied to performance.
- Has 15 member team; very little diversity, with expertise across 7 sectors.
- Invest across a growth life cycle; hold 50 to 55 stocks in the portfolio. Largely an equal weighted fund; begin to trim holdings back at 3.0% so no one holding drives fund performance.
- Looking for corporate performance, systematic effect, sustainability and intrinsic value.
- Turnover has been 100% in the last year; expect it to drop back to 70% to 80% average.

6. Elk Creek Partners Interview –

- Independent, employee owned, boutique firm established in 2011.
- Experienced; long successful history of working as a team. Has a 5 member team of generalists; no diversity.
- Significant relative outperformance since launch.
- Uses a bottom-up approach with a five stage buy.
- Seek companies that can sustain revenue and earnings growth for multiple years. Like to buy early before growth is broadly recognized by the market. Evaluate stock prices over a 12-month horizon and use a valuation overlay on entry, exit and to manage position size.
- Typically hold 80 to 100 stocks; top 30 to 35 comprise 50% of portfolio.

7. Small Cap Growth Manager Discussion – NEPC, Committee

- Elements of materials made their process clear but verbal presentation of such was lacking for both.
- More resources behind the Kennedy fund.
- Kennedy had better answer and rationale on closing the strategy.
- Because Kennedy investment would be a separate account, we could provide UUCEF's ESG guidelines to avoid investing in undesirable stocks.
- Kennedy's lack of diversity was better addressed than Elk Creek's.
- In down markets they were fairly equal, in the up market Kennedy outperformed.

Action item 7: NEPC to contact Kennedy in an attempt to get lower fee.

Motion 2: Provided nothing prohibitive surfaces; hire Kennedy Capital Management as a new small cap growth manager. Moved: Santini, seconded, Gaffney, all approved.

VOTED: That the Unitarian Universalist Common Endowment Fund, LLC, transfer the current holdings in Pier Capital Management to Kennedy Capital Management on the terms set forth in the subscription agreement and offering documentation therefore submitted by the Investment Funds to Timothy Brennan, Treasurer of the Unitarian Universalist Association, subject to such changes and amendments therein as he may determine to be appropriate; and

VOTED: To authorize the Treasurer, Timothy Brennan, and the Chief Operating Officer, Carey McDonald, each individually, acting singly or together, to execute and deliver documents to effect the foregoing, all with such terms and conditions as are approved by the signatory, with such officer's signature being conclusive evidence of approval; and

VOTED: To ratify and approve all that the Treasurer, Timothy Brennan, has done or may do in connection with said investments.

8. OCP Asia Discussion – NEPC, Committee

- OCP will be closing at the end of September.
- NEPC has done 2 years of full due diligence including two visits.
- NEPC recommended investing 1.5 to 2 million.
- This is a lending strategy, fund is a 3 year rolling lock portfolio.

Action item 8: Helbert to schedule a call for the committee and NEPC to discuss potential OCP investment.

**Next Meeting:
November 9, 2017**

UUA Investment Committee – Minutes - DRAFT

Conference Call
September 14, 2017

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

Members absent: John LaPann

NEPC: Asher Watson, Neil Sheth

SRI Committee: Julie Skye

1. OCP Asia – Sheth

- Sheth described the OCP opportunity. The fund is a private debt fund investing primarily in energy. NEPC has been tracking for several years and recommends the fund strongly. The fund addresses inefficiencies in credit.
- There is a 3-year lock-up period. After 3 years there is an option to redeem or reinvest.
- The fund produces a NAV monthly. The strategy is focused on 12 to 36 month paper.

Motion 1: To approve investment in OCP Asia Orchard Landmark Fund. Moved: Lasher, seconded: Brennan, all in favor. Santini departed before the vote.

VOTED: That the Unitarian Universalist Common Endowment Fund, LLC, invest \$2 million of the assets of the UUCEF, LLC into the OCP Asia Orchard Landmark Fund, (the “Investment Fund”), on the terms set forth in the subscription agreements and offering documentation therefore submitted by the Investment Fund to Timothy Brennan, Treasurer of the Unitarian Universalist Association, subject to such changes and amendments therein as he may determine to be appropriate; and

VOTED: To authorize the Treasurer, Timothy Brennan, and the Chief Operating Officer, Carey McDonald, each individually, acting singly or together, to execute and deliver documents to effect the foregoing, all with such terms and conditions as are approved by the signatory, with such officer’s signature being conclusive evidence of approval; and

VOTED: To ratify and approve all that the Treasurer, Timothy Brennan, has done or may do in connection with said investments.

Subsequent to this phone meeting, on September 28 the committee voted via email to set the commitment to OCP at \$2 million. Moved Lasher, seconded Gaffney, LaPann abstained, all in favor.

Next Meeting
November 9, 2017

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.

NEPC Updates





NEPC GIVES BACK

This quarter NEPC participated in three charity organization events: Sox for Socks, Habitat for Humanity and the American Red Cross.

- The Sox for Socks Drive supports Boston's Health Care for the Homeless. The organization provides medical care to Boston's homeless. This year, over 100 pairs of socks were collected and donated.
- Habitat for Humanity Greater Boston is a Massachusetts charitable organization dedicated to building homes in partnership with low-income families in need of decent and affordable housing. Twenty NEPC employees dedicated time and muscle to bring a home closer to occupancy in Dorchester, MA.
- We are thinking of those affected by Hurricane Harvey. In a show of support, employees donated to the American Red Cross with NEPC matching all donations.



CLIENT AWARDS

We'd like to congratulate the following clients for their recent wins at Chief Investment Officer's 2017 Power 100 Awards:

- David Villa, State of Wisconsin Investment Board
- Bob Jacksha, New Mexico Educational Retirement Board
- Tim Barrett, Texas Tech University System
- Don Pierce, San Bernardino County Employees' Retirement Association
- Carrie Thome, Wisconsin Alumni Research Foundation



NEPC, LLC

TAKING STOCK: COULD ESG ANALYSIS HAVE HELPED EQUIFAX INVESTORS?

REINO ECKLORD, RESEARCH CONSULTANT AND KELLY A. REGAN, SENIOR CONSULTANT

[Equifax's](#) data breach that potentially exposed the personal information of [145.5 million Americans](#) has wreaked havoc on the credit bureau's reputation and its [stock price](#). Among the company's largest shareholders are institutional index mutual funds focused on large-cap and mid-cap stocks, a staple of investment portfolios.

The attack also shines a spotlight on the merits of incorporating environmental, social and governance (ESG) factors into the investment process. By monitoring these non-financial factors, prospective investors could have formed a clearer picture of the true risks of investing in Equifax—risks that traditional financial analysis may have overlooked.

To this end, [MSCI](#), one of the leading providers of ESG data and company ratings, has monitored Equifax since 2012. MSCI's ESG rankings, which range from AAA to CCC, are based on a company's exposure to ESG-related risks and its ability to manage those risks relative to peers within its sector. MSCI originally assigned a B rating to Equifax.

In August 2016, it downgraded the credit bureau's rating to CCC—its lowest ranking—following a data breach that exposed the salary and tax data of over 400,000 employees of an Equifax client.

"Equifax's data security and privacy measures have proved insufficient in mitigating data breach events," said MSCI in [this report](#). "The company's credit reporting business faces a high risk of data theft and associated reputational consequences."

As recently as January, Equifax was [fined](#) by the US Consumer Financial Protection Bureau for misleading practices related to marketing of credit products and credit scores.

In contrast, [Experian](#), also a provider of credit reporting services, has an A rating from MSCI. Experian scored in the top-quartile for financial product safety, and privacy and data security, while Equifax was placed in the bottom quartile. Additionally, Experian stood in the top quartile for corporate governance, while Equifax was in the third quartile.

At [NEPC](#), we believe ESG factors can have a material impact on a company's performance. Portfolio managers and asset owners are increasingly adopting the view that non-financial factors can influence a company's success and, therefore, its investment value.

In [our view](#), ESG analysis can help identify and avoid short-term risks and, as a result, potentially benefit long-term performance. We incorporate ESG considerations into [our investment process](#) as we examine how asset managers are utilizing ESG analysis in their strategies.

Market Environment & Outlook

Unitarian Universalist Common Endowment Fund, LLC
Index Performance Summary as of 09/30/2017

	2009	2010	2011	2012	2013	2014	2015	2016	Q1	Q2	Q3	Sept	YTD
MSCI EM	78.5%	18.9%	-18.4%	18.2%	-2.6%	-2.2%	-14.9%	11.2%	11.4%	6.3%	7.9%	-0.4%	27.8%
MSCI EAFE	31.8%	7.8%	-12.1%	17.3%	22.8%	-4.9%	-0.8%	1.0%	7.2%	6.1%	5.4%	2.5%	20.0%
MSCI ACWI	34.6%	12.7%	-7.3%	16.1%	22.8%	4.2%	-2.4%	7.9%	6.9%	4.3%	5.2%	1.9%	17.3%
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%	3.6%	-0.3%	14.3%
S&P 500	26.5%	15.1%	2.1%	16.0%	32.4%	13.7%	1.4%	12.0%	6.1%	3.1%	4.5%	2.1%	14.2%
Russell 1000	28.4%	16.1%	1.5%	16.4%	33.1%	13.2%	0.9%	12.1%	6.0%	3.1%	4.5%	2.1%	14.2%
Russell 2500	34.4%	26.7%	-2.5%	17.9%	36.8%	7.1%	-2.9%	17.6%	3.8%	2.1%	4.7%	4.5%	11.0%
Russell 2000	27.2%	26.9%	-4.2%	16.3%	38.8%	4.9%	-4.4%	21.3%	2.5%	2.5%	5.7%	6.2%	10.9%
JPM EMBI Glob Div	29.8%	12.2%	7.3%	17.4%	-5.3%	7.4%	1.2%	10.2%	3.9%	2.2%	2.6%	0.0%	9.0%
BC US Long Credit	16.8%	10.7%	17.1%	12.7%	-6.6%	16.4%	-4.6%	10.2%	1.7%	4.7%	2.2%	-0.2%	8.7%
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%	0.7%	-2.8%	8.7%
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%	1.5%	-1.0%	7.7%
BC US Corporate HY	58.2%	15.1%	5.0%	15.8%	7.4%	2.5%	-4.5%	17.1%	2.7%	2.2%	2.0%	0.9%	7.0%
BC Global Agg	-6.5%	-5.3%	-5.3%	-4.1%	2.7%	-0.6%	3.3%	2.1%	1.8%	2.6%	1.8%	-0.9%	6.3%
CS Hedge Fund	18.6%	10.9%	-2.5%	7.7%	9.7%	4.1%	-0.7%	1.2%	2.1%	0.8%	0.6%	-	4.9%
BC Municipal	12.9%	2.4%	10.7%	6.8%	-2.6%	9.1%	3.3%	0.2%	1.6%	2.0%	1.1%	-0.5%	4.7%
FTSE NAREIT Eqty REITs	28.0%	28.0%	8.3%	18.1%	2.5%	30.1%	3.2%	8.5%	1.2%	1.5%	0.9%	0.0%	3.7%
BC US Agg Bond	5.9%	6.5%	7.8%	4.2%	-2.0%	6.0%	0.5%	2.6%	0.8%	1.4%	0.8%	-0.5%	3.1%
CS Leveraged Loan	44.9%	10.0%	1.8%	9.4%	6.2%	2.1%	-0.4%	9.9%	1.2%	0.8%	1.1%	0.4%	3.0%
BC US Agg Interm	6.5%	6.1%	6.0%	3.6%	-1.0%	4.1%	1.2%	2.0%	0.7%	0.9%	0.7%	-0.4%	2.3%
BC TIPS	11.4%	6.3%	13.6%	7.0%	-8.6%	3.6%	-1.4%	4.7%	1.3%	-0.4%	0.9%	-0.6%	1.7%
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%	-0.1%	1.1%
BBG Commodity	18.9%	16.8%	-13.3%	-1.1%	-9.5%	-17.0%	-24.7%	11.8%	-2.3%	-3.2%	2.5%	-0.1%	-2.9%
Alerian MLP	76.4%	35.9%	13.9%	4.8%	27.6%	4.8%	-32.6%	18.3%	3.9%	-6.4%	-3.0%	0.7%	-5.6%

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

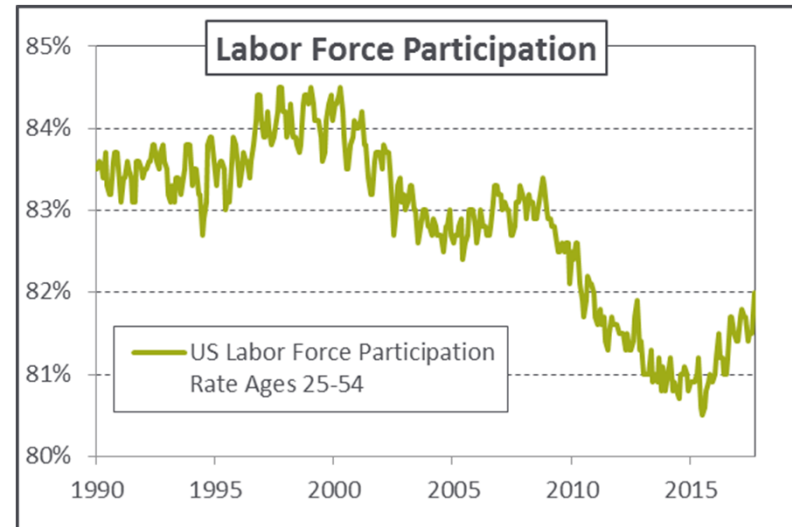
- **The US economy is experiencing an extended economic growth cycle**
 - US consumers and a tightening labor market are driving the US economy
 - Growth recovery in Europe and the emerging markets reinforces US economic conditions
 - Stable economic growth is a positive backdrop but expected risk asset returns are subdued
- **Federal Reserve monetary policy remains on a gradual normalization path**
 - Markets continue to price in a slow pace for Fed rate hikes over the next 36 months
 - The Fed will begin to shrink a \$4.5T balance sheet, longer-term impact 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
 - While capital outflow pressure has reversed, 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**
 - Conditions driving anti-establishment political sentiment have not subsided and risks stemming from globalization backlash likely lead to higher levels of currency volatility
 - Changes to US trade policy under the current administration remain uncertain and an aggressive protectionist policy would represent a material risk to global markets

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

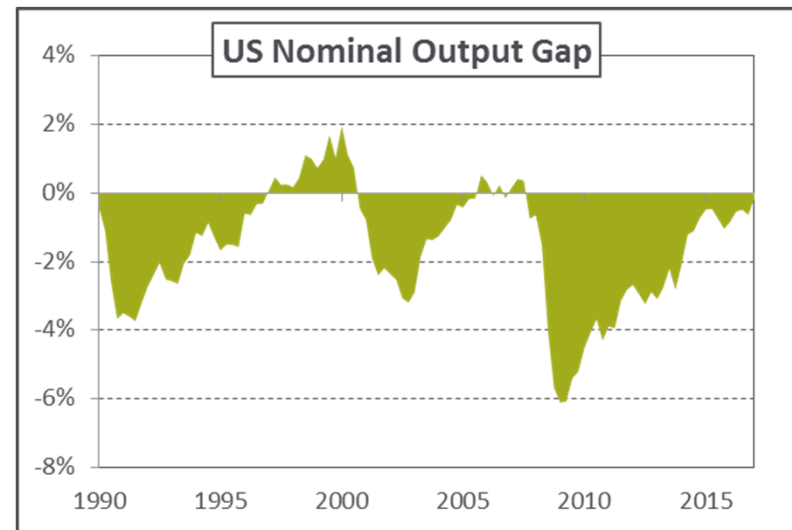


Source: FRED

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 sustain



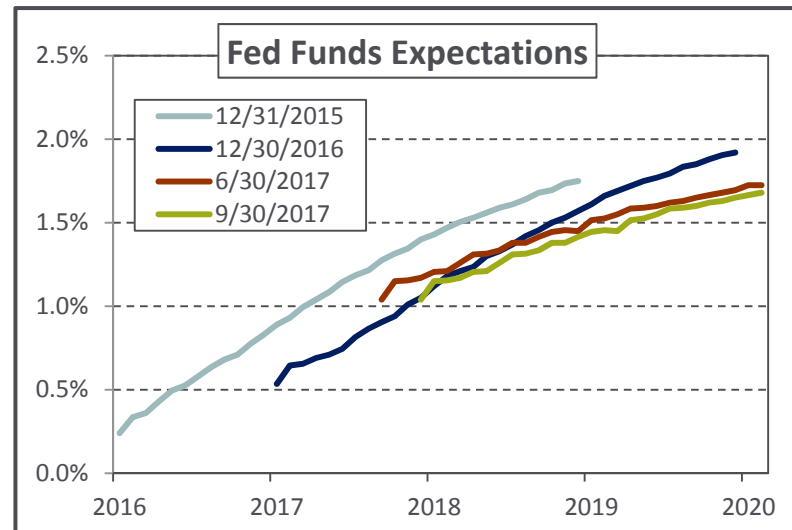
Source: Congressional Budget Office, Bloomberg

Federal Reserve Gradualism

The Federal Reserve is expected to slowly increase interest rates

Expected path of Fed policy through 2020 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

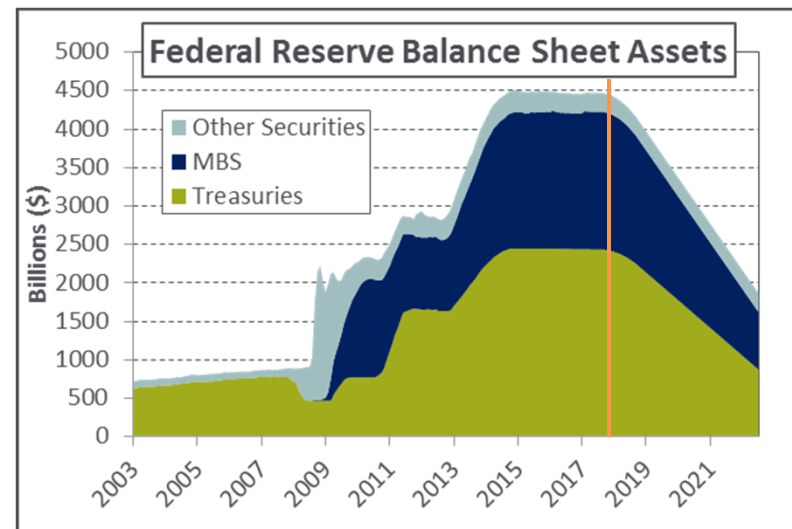


Source: Fed, Bloomberg

The Fed will begin to reduce its balance sheet in October of 2017

The balance sheet will gradually shrink over time by tapering the reinvestment of maturing securities

The reinvestment of maturing securities will follow a specific schedule that is based on both time and dollar value



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

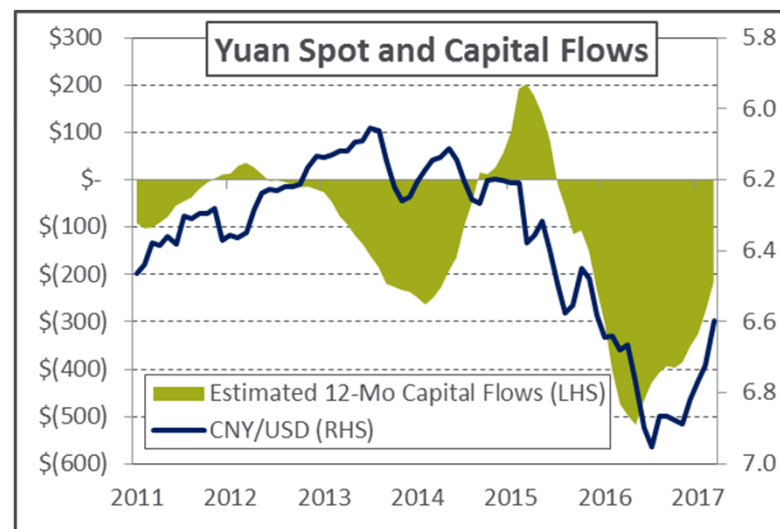
Fixed investment is required to sustain the production based economy and support labor force migration

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

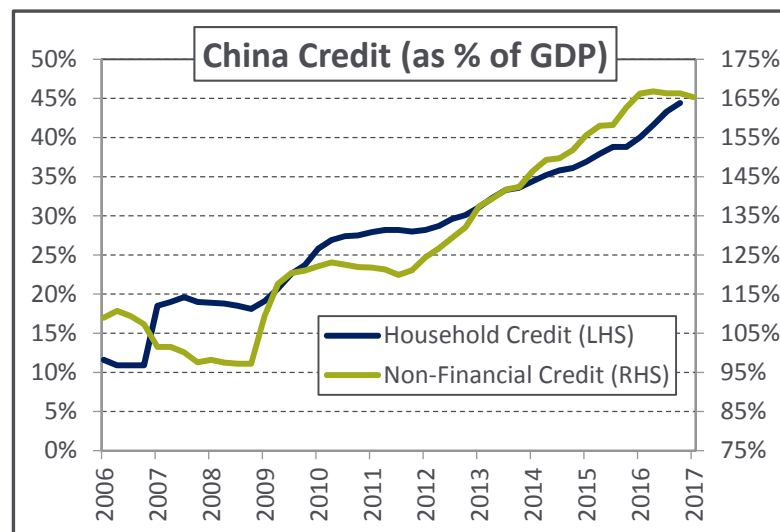
China's government is negotiating a balance between deleveraging and near term economic growth

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

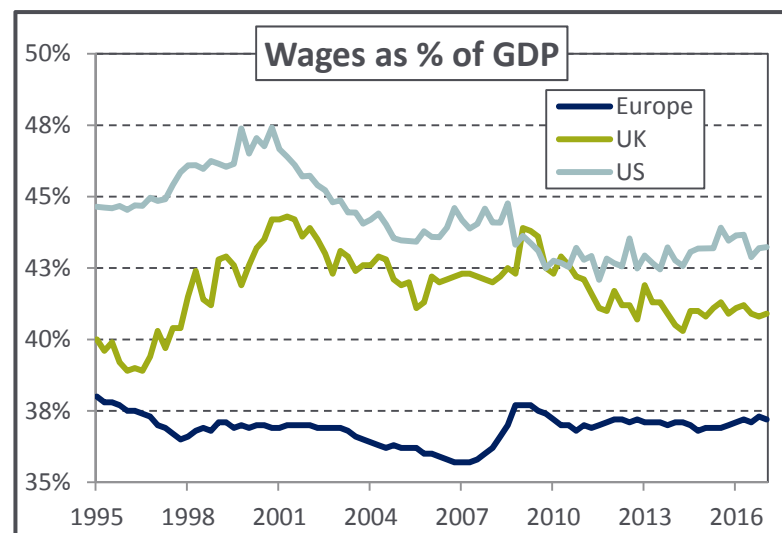
Election results in France and the UK have assuaged fears of political gridlock in Europe – but political conventions have been meaningfully challenged

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

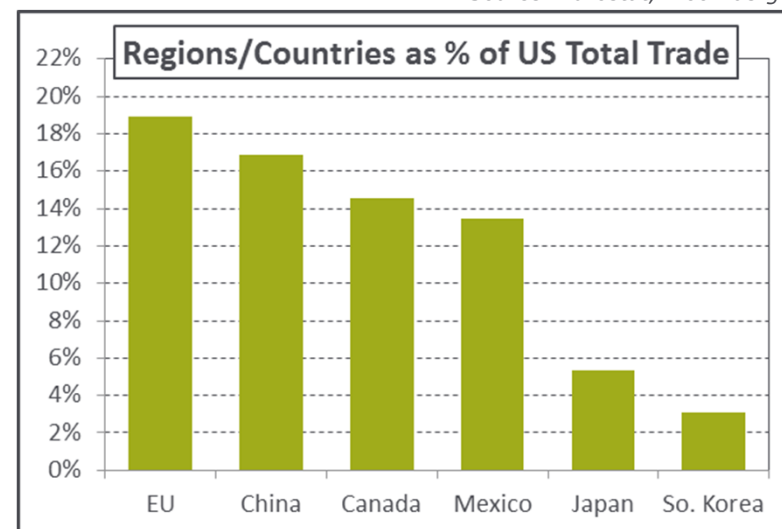
Major shifts in US trade policy have not materialized in 2017

However, a US move to an aggressive protectionist policy would represent a material risk to global markets

Markets have taken to interpreting the administrations rhetoric with a grain of salt but ongoing NAFTA negotiations are a concern



Source: Eurostat, Bloomberg



Source: IMF, Bloomberg

- **Trim US equity gains as US equity markets continue to rally**
 - Expanding valuations have driven recent gains and profit margins sit near all-time highs
- **Maintain overweight exposure to non-US developed market equities**
 - We believe a multi-year earnings recovery offers the potential for an elevated return
- **Emerging Market Equities continue to warrant a market overweight**
 - Fundamentals support an overweight relative to index weights (e.g. 15% to 20%)
- **Allocate to TIPS as inflation expectations are priced attractively**
 - Preserve US duration exposure with a bias to TIPS over core bonds
- **Reduce high yield bonds with credit spreads below long-term medians**
 - Credit spreads for high yield debt do not adequately compensate investors for its risk
- **For tactical investors, look to fund emerging local debt from risk assets**
 - Valuations for many emerging market currencies remain attractive despite the recent rally
- **Add macro hedge fund strategies for portfolio diversification benefits**
 - Systematic strategies tend to exhibit low correlation to equity markets
- **For opportunistic investors, look to add long volatility exposure**
 - Strategy implementation is very selective and requires a skilled portfolio management team

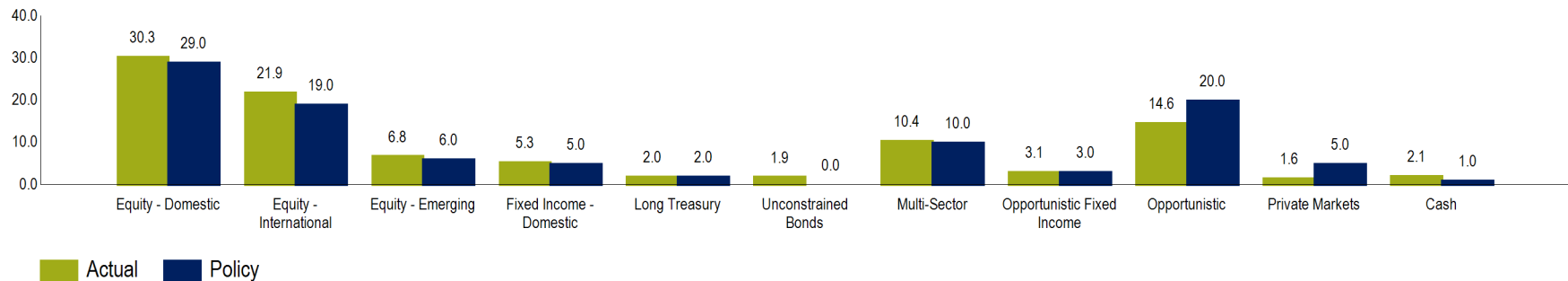
Investment Program Review

Unitarian Universalist Common Endowment Fund, LLC

Total Fund Performance Summary (Gross of Fees)

	Market Value	3 Mo	Rank	YTD	Rank	1 Yr	Rank	3 Yrs	Rank	5 Yrs	Rank	7 Yrs	Rank	10 Yrs	Rank
Composite	\$184,438,417	4.1%	13	14.6%	1	14.0%	16	5.7%	57	7.1%	72	7.3%	76	5.6%	22
Allocation Index		3.9%	24	12.3%	33	12.9%	43	6.1%	46	7.2%	71	6.8%	82	5.0%	45
Policy Index		3.9%	29	12.2%	35	13.0%	40	6.2%	38	7.3%	66	7.1%	78	4.7%	58
InvestorForce All Endowment \$50mm-\$250mm Gross Median		3.5%		11.6%		12.6%		5.9%		7.9%		7.8%		4.9%	

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

- Hired Kennedy Capital to replace Pier Capital
- Elected to commit \$2 million to OCP

Total Fund Performance

- The endowment returned +4.1% (gross of fees) during Q3 of 2017, ranking 13th in the universe, outperforming the allocation index and policy index
- Over the trailing one-year period, the endowment returned +14.0% (gross of fees), ranking 16th in the universe and outperforming both the allocation and policy index
- Over the ten-year time period, performance ranked in the first quartile of the peer universe
 - Manager selection and tactical allocations have been the primary driver of overall performance

Fiscal Year End: 6/30



NEPC, LLC

September 30, 2017

Due Diligence Monitor

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

Investment Manager	Manager Changes/ Announcements (Recent Quarter)	NEPC Due Diligence Committee Recommendations
RBC	Yes	No Action
MFS	Yes	No Action
Breckinridge	Yes	No Action

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.



Due Diligence Monitor

Below is a summary of manager changes, announcements and due diligence events since the issuance of our last quarterly report.

Manager Changes/Announcements

RBC

RBC EME team is losing one of their most junior members Mustafa Boulhabel who will be leaving to pursue opportunities outside of the industry. Mustafa was with the team from 2013, then took a family break and rejoined in August 2016 covering Latin America. Guido Giammattei (Head of Research who covered LatAm for 15 years before Mustafa came back) will be providing oversight as another team member Zeena Dahdaleh take over coverage. Zeena has been Mustafa's back up on LatAm. The team is currently underweight LatAm in their portfolios. The team has decided to promote their European institutional PM Ashna Yarashi to the associate PM role.

MFS

MFS International Concentrated Equity upgraded to NO ACTION after placed on WATCH in February of 2016 after MFS announced the retirement of Lead Portfolio Manager Marcus Smith scheduled for April 2017. Filipe Benzinho was promoted to Co-Portfolio Manager on both the International and International Concentrated strategies back in May 2016. Daniel Ling has been Co-Portfolio Manager on the strategies since 2009. Filipe has been with MFS since 2009 and was covering the financial services sector prior to his promotion, which represents about 10% of both portfolios. NEPC Research had been monitoring the transition of Filipe to the new role.

After meeting with MFS recently it is clear that Filipe and Daniel know their names and have stayed true to the style and process of the strategies. Filipe has been a fully contributing Portfolio Manager since the beginning of 2017 and his research coverage has been backfilled by analysts. Filipe and Daniel both work together on ideas and they both decide whether a stock gets put into the portfolio. Filipe sits in the London office and Daniel sits in the Singapore office. They leverage the MFS global research platform which remains strong. Performance has been solid and Filipe seems to have matured into the role.

Due Diligence Monitor

Below is a summary of manager changes, announcements and due diligence events since the issuance of our last quarterly report.

Manager Changes/Announcements

Breckinridge

Breckinridge informed NEPC that Neil Grabowski, Director of Credit Research, left the firm on September 29th. Mr. Grabowski's management responsibilities have been assumed by Adam Stern, formerly Director of Municipal Credit Research, and Nick Elfner, formerly Director of Corporate Credit Research. Mr. Grabowski's credit coverage responsibilities will be distributed across the municipal credit team. Mr. Stern and Mr. Elfner have been with the firm since 2009, and are both members of the Investment Committee. The decision to part ways with Mr. Grabowski was ultimately made by the eight members of the Investment Committee, as well as President and CEO Peter Coffin. Mr. Grabowski has not been a member of the IC since the end of Q1 2017.

The decision was ultimately made due to a diversion in philosophies between Mr. Grabowski and the rest of the IC. The IC is responsible for the firm's macro outlook, as well as setting exposure targets for asset and sector allocations, yield curve positioning, and duration/credit quality targets across the firm's strategies. Generally speaking, Breckinridge takes a conservative approach to investing in credit. Over the last year, the Investment Committee, as well as CEO Peter Coffin, have been pushing for a more all-encompassing assessment of risk, especially in the Municipal Bond space. The IC felt that the norms in the Municipal Bond space have evolved over time, and therefore it was becoming necessary to focus on the evolving threats. Mr. Grabowski resisted the strategic direction the thought leadership at the firm had decided to pursue, and ultimately the diversion in philosophies led to Mr. Grabowski's departure.

Breckinridge has also informed NEPC that Rob Azrin joined the municipal credit team on September 11th. With 12 years of industry experience, Rob previously worked as a credit analyst at Moody's Investor Services covering local governments. The credits previously covered by Mr. Grabowski will be distributed across the municipal credit team, which totals 10 analysts including Rob Azrin. Breckinridge also hired Laura Lake on September 15th to fill a new position at the firm, Director of Investment Strategy. With close to 20 years of industry experience, Laura comes from Standish, where she was a Senior Portfolio Manager on the Insurance team running multi-sector portfolios. While she will not be managing accounts, she will help set investment strategy for the portfolios as a member of the Investment Committee.

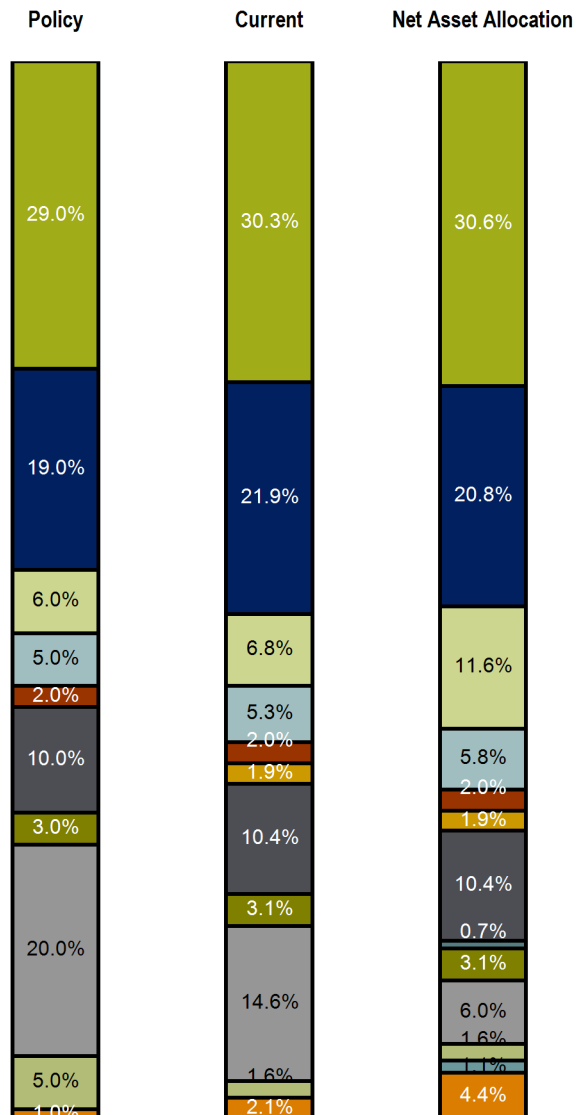
Total Fund Summary

Unitarian Universalist Common Endowment Fund, LLC

Total Fund Asset Growth Summary by Manager

	Beginning Market Value	Quarter Ending September 30, 2017				Ending Market Value
		Contributions	Withdrawals	Net Cash Flow	Net Investment Change	
Baxter Street	\$9,627,356	\$0	\$0	\$0	\$557,728	\$10,185,084
Boston Common	\$14,094,611	\$0	-\$2,092	-\$2,092	\$726,948	\$14,819,466
Brandywine Global Opportunistic	\$9,469,899	\$0	\$0	\$0	\$318,086	\$9,787,985
Breckinridge - Corporate	\$9,768,742	\$0	-\$388	-\$388	\$55,118	\$9,823,472
Breckinridge-Treasury	\$3,702,372	\$0	-\$147	-\$147	\$22,056	\$3,724,281
Brockton Capital Fund III	\$1,424,706	\$0	-\$460,006	-\$460,006	\$156,644	\$1,121,344
Cash Account	\$1,853,050	\$7,295,365	-\$6,888,184	\$407,181	\$0	\$2,260,232
Cevian Capital II	\$6,120,125	\$0	\$0	\$0	\$3,685	\$6,123,810
Community Development	\$1,571,963	\$0	-\$1,129	-\$1,129	\$1,750	\$1,572,584
Entrust Capital Diversified Fund Holdback	\$201,577	\$0	\$0	\$0	\$0	\$201,577
Entrust Class X	\$600,100	\$0	\$0	\$0	-\$4,340	\$595,761
FEG Private Opportunities Fund	\$1,637,335	\$0	-\$120,000	-\$120,000	\$58,473	\$1,575,808
Franklin Templeton GMS	\$5,569,904	\$0	\$0	\$0	\$68,941	\$5,638,846
GMO Benchmark Free Allocation Fund	\$19,610,374	\$0	\$0	\$0	\$440,981	\$20,051,355
Loomis Multi Sector	\$9,236,052	\$0	\$0	\$0	\$215,646	\$9,451,697
Loomis Sayles Strategic Alpha	\$3,451,010	\$0	-\$12,968	-\$12,968	\$54,845	\$3,492,887
MFS International Concentrated	\$14,782,483	\$0	\$0	\$0	\$608,764	\$15,391,247
Pier Capital	\$8,369,538	\$0	-\$339	-\$339	\$684,062	\$9,053,261
RBC Global Emerging Equity	\$11,745,863	\$0	\$0	\$0	\$807,048	\$12,552,911
Rhumblin	\$19,726,620	\$0	-\$1,250,368	-\$1,250,368	\$707,735	\$19,183,988
Sands	\$22,074,110	\$0	-\$3,751,369	-\$3,751,369	\$1,554,317	\$19,877,058
SJF Ventures	\$219,271	\$0	-\$12,355	-\$12,355	-\$746	\$206,170
Wellington SMID	\$7,560,766	\$0	\$0	\$0	\$186,827	\$7,747,594
Total	\$182,417,827	\$7,295,365	-\$12,499,345	-\$5,203,979	\$7,224,570	\$184,438,417

Total Fund Asset Allocation vs. Policy Targets



Asset Allocation vs. Target

	Current	Policy	Current	Policy Range	Within Range	Net Asset Allocation
Equity - Domestic	\$55,861,901	29.0%	30.3%	22.0% - 36.0%	Yes	30.6%
Equity - International	\$40,395,797	19.0%	21.9%	14.0% - 24.0%	Yes	20.8%
Equity - Emerging	\$12,552,911	6.0%	6.8%	3.0% - 9.0%	Yes	11.6%
Fixed Income - Domestic	\$9,823,472	5.0%	5.3%	0.0% - 15.0%	Yes	5.8%
Long Treasury	\$3,724,281	2.0%	2.0%	0.0% - 10.0%	Yes	2.0%
Unconstrained Bonds	\$3,492,887	--	1.9%			1.9%
Multi-Sector	\$19,239,683	10.0%	10.4%	0.0% - 15.0%	Yes	10.4%
Emerging Market Debt	--	--	--			0.7%
Opportunistic Fixed Income	\$5,638,846	3.0%	3.1%	0.0% - 10.0%	Yes	3.1%
Opportunistic	\$26,972,503	20.0%	14.6%	10.0% - 30.0%	Yes	6.0%
Private Markets	\$2,903,322	5.0%	1.6%	0.0% - 10.0%	Yes	1.6%
Real Assets	--	--	--			1.1%
Cash	\$3,832,816	1.0%	2.1%	0.0% - 10.0%	Yes	4.4%
Total	\$184,438,417	100.0%	100.0%			100.0%

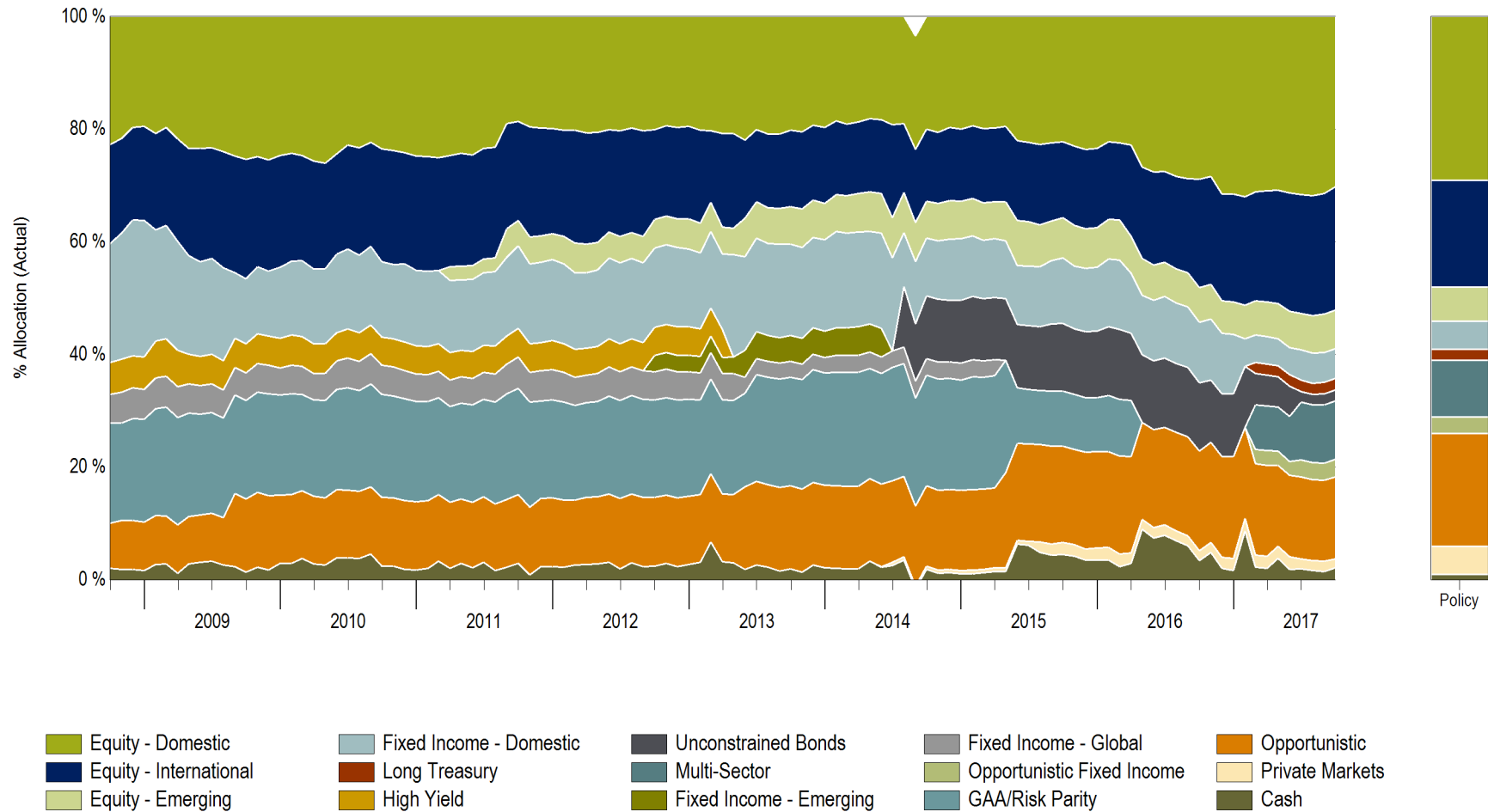
- On a look through basis, Domestic Equity is 30.6% of the fund, International Equity is 20.8% of the fund, and Emerging Market Equity is 11.6% of the fund.

- Within the Opportunistic allocation, dedicated Hedge Fund exposure is 3.7%, 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

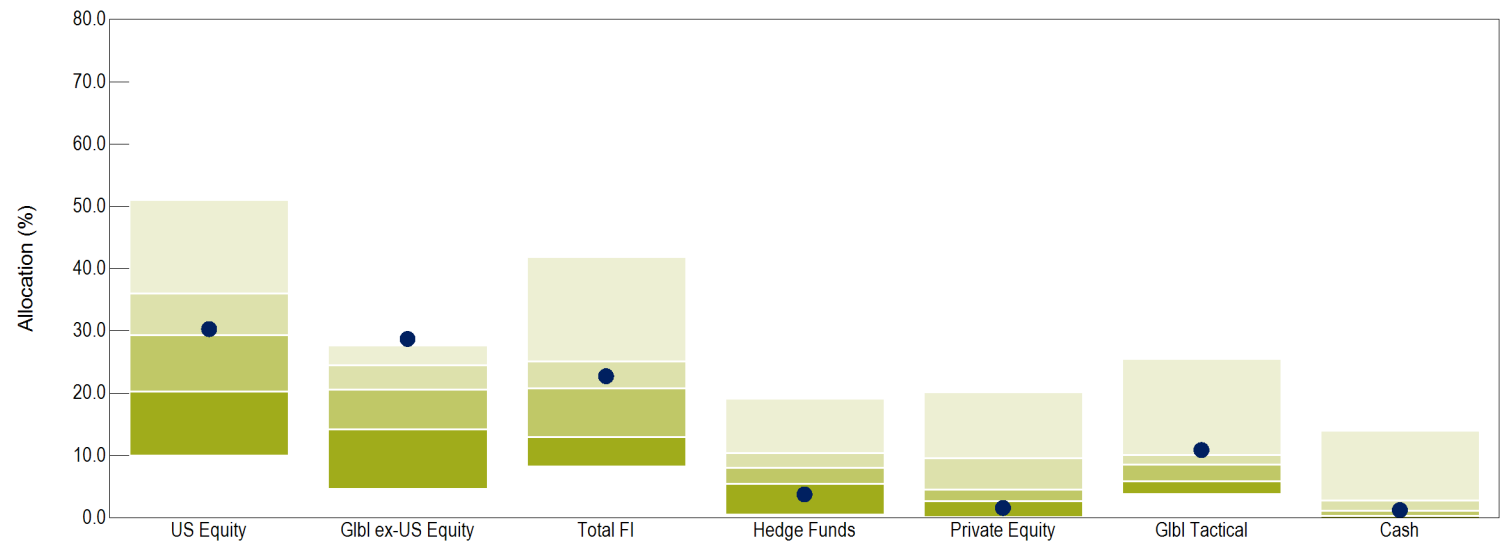
Asset Allocation History



Unitarian Universalist Common Endowment Fund, LLC

Total Fund Allocations vs. Peer Universe

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



		Allocation (Rank)													
5th Percentile		51.0		27.6		41.8		19.1		20.1		25.5		14.0	
25th Percentile		36.2		24.6		25.2		10.5		9.7		10.2		2.9	
Median		29.4		20.7		20.9		8.1		4.7		8.7		1.2	
75th Percentile		20.4		14.3		13.0		5.6		2.8		6.0		0.4	
95th Percentile		10.1		4.7		8.3		0.6		0.2		3.9		0.0	
# of Portfolios		61		62		69		42		39		21		61	
●	Composite	30.3	(46)	28.7	(2)	22.7	(37)	3.8	(85)	1.6	(89)	10.9	(20)	1.2	(51)
UUA Net Asset Allocation		30.6		32.4		23.9		6.0		1.6		1.1		4.4	

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

Unitarian Universalist Common Endowment Fund, LLC

Total Fund Performance Detail (Gross of Fees)

	Market Value (\$)	% of Portfolio	Policy %	3 Mo (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	7 Yrs (%)	10 Yrs (%)	Return (%)	Since
Composite	184,438,417	100.0	100.0	4.1	14.6	14.0	5.7	7.1	7.3	5.6	7.3	Jul-02
Allocation Index				3.9	12.3	12.9	6.1	7.2	6.8	5.0	6.9	Jul-02
Policy Index				3.9	12.2	13.0	6.2	7.3	7.1	4.7	--	Jul-02
Domestic Equity Composite	55,861,901	30.3	29.0	5.4	17.4	18.2	9.9	14.3	15.0	9.6	10.6	Jul-02
Russell 3000				4.6	13.9	18.7	10.7	14.2	14.3	7.6	8.8	Jul-02
Rhumblin	19,183,988	10.4	10.5	3.8	8.9	15.1	9.3	13.6	13.1	6.5	7.4	Aug-05
Russell 1000 Value				3.1	7.9	15.1	8.5	13.2	13.2	5.9	7.3	Aug-05
Sands	19,877,058	10.8	10.5	6.9	31.9	21.8	10.1	15.1	17.3	12.3	12.2	Dec-03
Russell 1000 Growth				5.9	20.7	21.9	12.7	15.3	15.4	9.1	9.2	Dec-03
Pier Capital	9,053,261	4.9	4.0	8.2	22.1	20.5	12.2	14.8	14.2	10.3	11.0	Apr-07
Russell 2000 Growth				6.2	16.8	21.0	12.2	14.3	14.2	8.5	8.7	Apr-07
Wellington SMID	7,747,594	4.2	4.0	2.5	0.8	11.9	--	--	--	--	12.2	Apr-16
Russell 2500 Value				3.8	5.9	15.7	9.9	13.3	13.0	7.6	18.0	Apr-16
International Equity Composite	52,948,708	28.7	25.0	5.6	24.4	20.0	5.5	7.1	5.1	0.9	7.1	Jul-02
MSCI ACWI ex USA				6.2	21.1	19.6	4.7	7.0	5.2	1.3	7.2	Jul-02
MFS International Concentrated	15,391,247	8.3	7.0	4.3	24.5	23.3	7.8	--	--	--	7.7	Apr-13
MSCI EAFE				5.4	20.0	19.1	5.0	8.4	6.4	1.3	6.6	Apr-13
Boston Common	14,819,466	8.0	7.0	5.3	22.9	18.6	6.3	8.5	7.3	--	7.0	May-10
MSCI EAFE				5.4	20.0	19.1	5.0	8.4	6.4	1.3	6.3	May-10
Baxter Street	10,185,084	5.5	5.0	6.1	23.5	19.7	--	--	--	--	18.1	Apr-16
MSCI ACWI ex USA				6.2	21.1	19.6	4.7	7.0	5.2	1.3	17.3	Apr-16
RBC Global Emerging Equity	12,552,911	6.8	6.0	6.9	26.6	17.4	--	--	--	--	18.2	Jul-16
MSCI Emerging Markets				7.9	27.8	22.5	4.9	4.0	2.5	1.3	26.0	Jul-16

Unitarian Universalist Common Endowment Fund, LLC

Total Fund Performance Detail (Gross of Fees)

	Market Value (\$)	% of Portfolio	Policy %	3 Mo (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	7 Yrs (%)	10 Yrs (%)	Return (%)	Since
Fixed Income Composite	41,919,168	22.7	20.0	1.8	5.2	4.6	3.3	3.3	4.5	5.8	5.1	Jul-02
BBgBarc US Aggregate TR				0.8	3.1	0.1	2.7	2.1	3.0	4.3	4.5	Jul-02
Brandywine Global Opportunistic	9,787,985	5.3	5.0	3.4	--	--	--	--	--	--	9.5	Mar-17
Citi WGBI				1.8	6.4	-2.7	0.9	-0.4	0.8	3.0	4.9	Mar-17
Loomis Multi Sector	9,451,697	5.1	5.0	2.3	--	--	--	--	--	--	5.0	Mar-17
BBgBarc US Govt/Credit TR				0.8	3.5	0.0	2.8	2.1	3.0	4.3	2.4	Mar-17
Franklin Templeton GMS	5,638,846	3.1	3.0	1.2	--	--	--	--	--	--	2.8	Mar-17
BBgBarc Multiverse				1.9	6.6	-0.6	1.6	0.8	1.9	3.5	4.7	Mar-17
Breckinridge - Corporate	9,823,472	5.3	5.0	0.6	2.4	0.3	--	--	--	--	2.3	Nov-14
BBgBarc US Govt/Credit Int TR				0.6	2.3	0.2	2.1	1.6	2.3	3.6	1.9	Nov-14
Breckinridge-Treasury	3,724,281	2.0	2.0	0.6	--	--	--	--	--	--	4.3	Mar-17
BBgBarc Treasury Long Term				0.6	6.0	-6.4	4.9	2.8	5.3	6.9	4.0	Mar-17
Loomis Sayles Strategic Alpha	3,492,887	1.9	0.0	1.6	2.9	4.2	2.7	--	--	--	2.7	Aug-14
BBgBarc US Aggregate TR				0.8	3.1	0.1	2.7	2.1	3.0	4.3	2.7	Aug-14
3-Month LIBOR + 3%				1.1	3.2	4.2	3.7	3.5	3.5	3.9	3.7	Aug-14
Opportunistic Investments	26,972,503	14.6	20.0	1.8	9.5	10.3	3.2	4.6	--	--	--	Jan-08
Opportunistic Benchmark				2.9	8.6	9.7	--	--	--	--	--	Jan-08
CPI + 5% (Unadjusted)				2.0	6.0	7.3	6.3	6.4	6.8	6.8	6.7	Jan-08
GMO Benchmark Free Allocation Fund	20,051,355	10.9	10.0	2.4	10.5	9.3	3.1	4.8	5.6	--	4.8	Jan-08
65% MSCI World (Net) /35% BBgBarc Aggregate				3.4	11.4	11.5	6.1	7.9	7.7	4.6	4.7	Jan-08
CPI + 5% (Unadjusted)				2.0	6.0	7.3	6.3	6.4	6.8	6.8	6.7	Jan-08
Cevian Capital II	6,123,810	3.3	3.0	0.4	12.0	19.9	--	--	--	--	6.0	Apr-15
HFRX Event Driven Index				1.9	6.6	10.5	1.4	4.0	2.8	0.9	3.4	Apr-15
MSCI EAFE				5.4	20.0	19.1	5.0	8.4	6.4	1.3	5.6	Apr-15
Entrust Class X	595,761	0.3	2.0	-1.1	-1.7	--	--	--	--	--	-1.7	Jan-17
Entrust Capital Diversified Fund Holdback	201,577	0.1	5.0									



Unitarian Universalist Common Endowment Fund, LLC

Total Fund Performance Detail (Gross of Fees)

	Market Value (\$)	% of Portfolio	Policy %	3 Mo (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	7 Yrs (%)	10 Yrs (%)	Return (%)	Since
Private Markets/Opportunistic	2,903,322	1.6	5.0	7.4	15.7	19.5	9.7	--	--	--	10.2	May-14
Private Markets Custom Benchmark				4.9	14.1	18.3	11.2	--	--	--	12.2	May-14
FEG Private Opportunities Fund	1,575,808	0.9										
Private Equity Benchmark												
Brockton Capital Fund III	1,121,344	0.6										
NCREIF Property Index												
SJF Ventures	206,170	0.1										
Private Equity Benchmark												
Community Development	1,572,584	0.9	1.0	0.1	0.9	1.1	1.0	1.1	1.3	1.7	1.7	Jul-07
91 Day T-Bills				0.3	0.6	0.7	0.3	0.2	0.2	0.4	0.5	Jul-07
Cash	2,260,232	1.2	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.

SJF Ventures will be benchmarked to it's own return within the allocation index from 11/1/2016 to 10/31/2018.

Cash market Value includes \$605,172.01 adjustment for pending capital additions into the UUA Endowment Fund.



NEPC, LLC

September 30, 2017

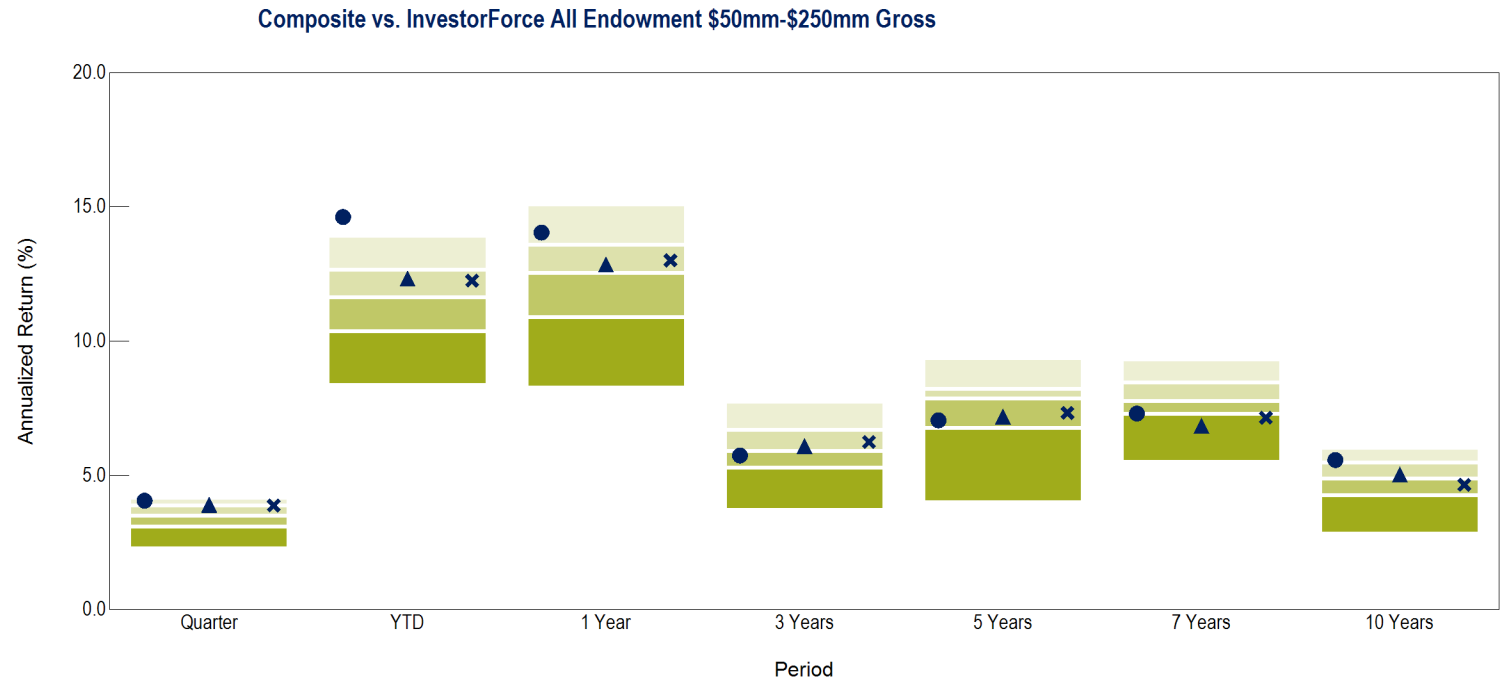
Unitarian Universalist Association of Congregations

Performance Analysis

6/30/2017

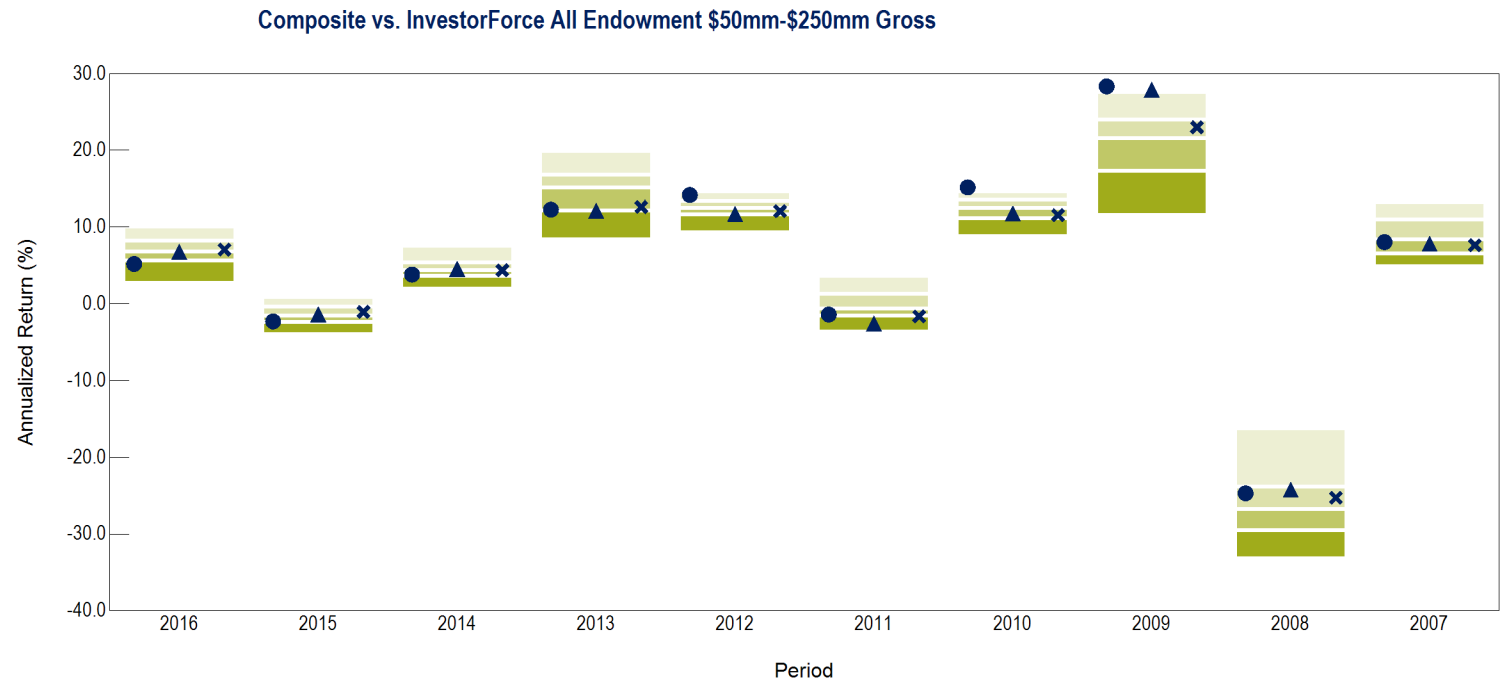
Investment Name	Vintage Year	Commitment Amount	Paid in Capital	Capital to be Funded	Additional Fees	Cumulative Distributions	Valuation	Total Value	Net Benefit	Call Ratio	DPI Ratio	TVPI Ratio	IRR
1 Brockton Capital Fund III	2015	4,439,302	1,949,312	2,489,990	16,095	676,663	1,569,026	2,245,688	280,281	44%	0.34	1.14	7.78%
2 FEG Private Opportunities Fund	2012	2,000,000	1,817,000	183,000	2,707	552,647	1,695,808	2,248,455	428,748	91%	0.30	1.24	8.03%
3 SJF Ventures IV	2016	2,500,000	250,000	2,250,000	0	0	206,170	206,170	-43,830	10%	0.00	0.82	-17.53%
Total: Unitarian Universalist Association of Congregations		8,939,302	4,016,312	4,922,990	18,802	1,229,310	3,471,004	4,700,313	665,199	45%	0.30	1.16	7.35%

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



		Return (Rank)													
5th Percentile		4.2	13.9	15.1	7.7	9.4	9.3	6.0							
25th Percentile		3.9	12.7	13.6	6.7	8.2	8.5	5.5							
Median		3.5	11.6	12.6	5.9	7.9	7.8	4.9							
75th Percentile		3.1	10.4	10.9	5.3	6.8	7.3	4.3							
95th Percentile		2.3	8.4	8.3	3.7	4.0	5.5	2.8							
# of Portfolios		72	71	70	63	53	51	48							
●	Composite	4.1	(13)	14.6	(1)	14.0	(16)	5.7	(57)	7.1	(72)	7.3	(76)	5.6	(22)
▲	Allocation Index	3.9	(24)	12.3	(33)	12.9	(43)	6.1	(46)	7.2	(71)	6.8	(82)	5.0	(45)
✖	Policy Index	3.9	(29)	12.2	(35)	13.0	(40)	6.2	(38)	7.3	(66)	7.1	(78)	4.7	(58)

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

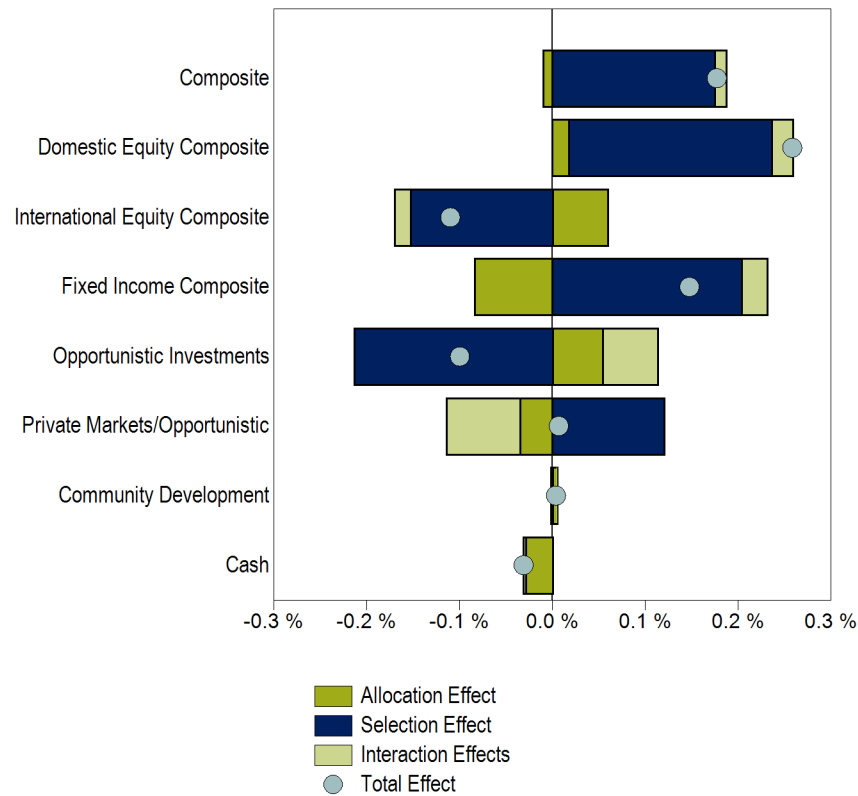


	Return (Rank)									
5th Percentile	10.1	0.9	7.5	19.9	14.6	3.6	14.6	27.6	-16.3	13.2
25th Percentile	8.3	-0.3	5.5	16.9	13.4	1.3	13.7	24.1	-23.8	11.0
Median	6.9	-1.5	4.4	15.2	12.5	-0.6	12.5	21.6	-26.7	8.4
75th Percentile	5.7	-2.3	3.6	12.2	11.7	-1.5	11.2	17.3	-29.4	6.6
95th Percentile	2.8	-3.9	2.0	8.4	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 (83)	-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 (54)	-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)

Unitarian Universalist Common Endowment Fund, LLC

Total Fund Attribution Analysis (Gross of Fees)

Attribution Effects Relative to Policy Index
3 Months Ending September 30, 2017



Attribution Summary
3 Months Ending September 30, 2017

	Wtd. Actual Return	Wtd. Index Return	Excess Return	Selection Effect	Allocation Effect	Interaction Effects	Total Effects
Domestic Equity Composite	5.4%	4.7%	0.8%	0.2%	0.0%	0.0%	0.2%
International Equity Composite	5.6%	6.2%	-0.6%	-0.2%	0.0%	0.0%	-0.2%
Fixed Income Composite	1.8%	0.8%	1.0%	0.2%	0.0%	0.0%	0.2%
Opportunistic Investments	1.8%	2.9%	-1.1%	-0.2%	0.0%	0.0%	-0.2%
Private Markets/Opportunistic	7.4%	4.9%	2.4%	0.0%	0.0%	0.0%	0.0%
Community Development	0.1%	0.3%	-0.1%	0.0%	0.0%	0.0%	0.0%
Cash	0.0%	0.3%	-0.3%	0.0%	0.0%	0.0%	0.0%
Total	4.1%	3.9%	0.2%	0.2%	0.0%	0.0%	0.2%

Unitarian Universalist Common Endowment Fund, LLC

Total Fund Risk Statistics

3 Years Ending September 30, 2017

	% of Tot	Anlzd Ret	Rank	Anlzd Std Dev	Rank	Sharpe Ratio	Rank	Info Ratio	Rank
Composite	100.00%	5.74%	57	6.80%	71	0.80	75	-0.25	72
Allocation Index	--	6.09%	46	6.27%	53	0.92	52	--	--
Domestic Equity Composite	30.29%	9.92%	63	11.55%	52	0.83	63	-0.25	68
Russell 3000	--	10.74%	49	10.24%	26	1.02	32	--	--
International Equity Composite	28.71%	5.53%	76	12.25%	65	0.43	78	0.34	70
MSCI ACWI ex USA	--	4.70%	85	12.25%	65	0.36	86	--	--
Fixed Income Composite	22.73%	3.30%	44	1.87%	6	1.59	8	0.28	40
BBgBarc US Aggregate TR	--	2.71%	53	2.85%	18	0.84	45	--	--
Opportunistic Investments	14.62%	3.25%	--	6.40%	--	0.46	--	--	--

5 Years Ending September 30, 2017

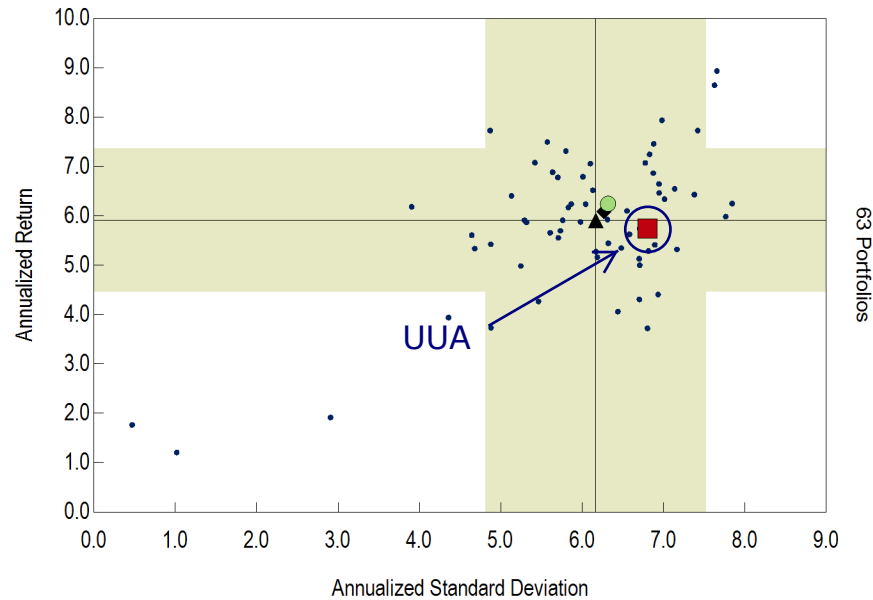
	% of Tot	Anlzd Ret	Rank	Anlzd Std Dev	Rank	Sharpe Ratio	Rank	Info Ratio	Rank
Composite	100.00%	7.05%	72	6.59%	75	1.04	86	-0.10	65
Allocation Index	--	7.18%	71	5.98%	45	1.17	66	--	--
Domestic Equity Composite	30.29%	14.30%	50	11.29%	53	1.25	52	0.02	49
Russell 3000	--	14.22%	53	9.80%	21	1.43	25	--	--
International Equity Composite	28.71%	7.11%	90	11.46%	55	0.60	90	0.06	89
MSCI ACWI ex USA	--	6.97%	91	11.55%	58	0.59	91	--	--
Fixed Income Composite	22.73%	3.27%	46	2.88%	16	1.06	37	0.56	38
BBgBarc US Aggregate TR	--	2.06%	65	2.84%	15	0.65	53	--	--
Opportunistic Investments	14.62%	4.64%	--	6.15%	--	0.72	--	--	--



Unitarian Universalist Common Endowment Fund, LLC

Total Fund Risk/Return (Gross of Fees)

3 Years Ending September 30, 2017

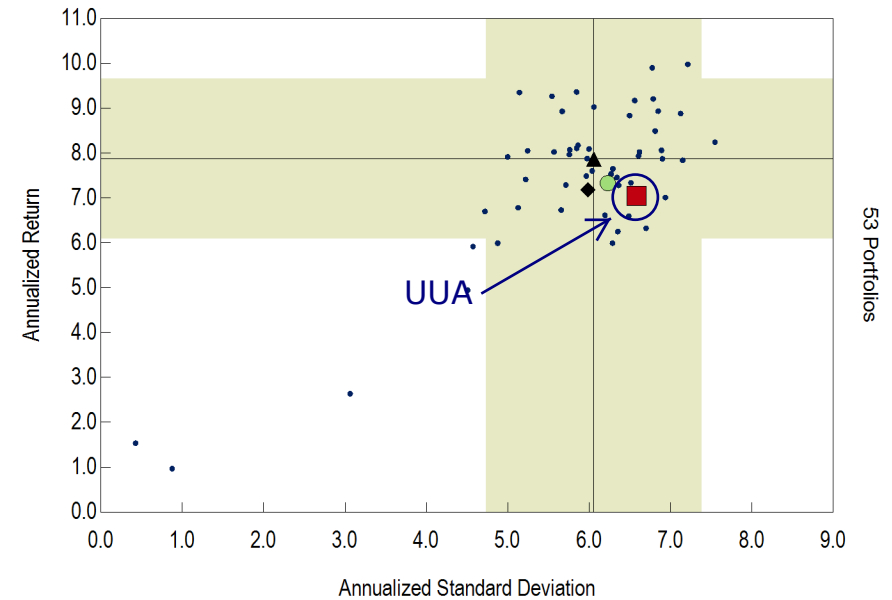


- Composite
- ◆ Allocation Index
- Policy Index
- ▲ Universe Median
- 68% Confidence Interval
- InvestorForce All Endowment \$50mm-\$250mm Gross

3 Years Ending September 30, 2017

	Anlzd Ret	Rank	Anlzd Std Dev	Rank	Sharpe Ratio	Rank	Info Ratio	Rank
Composite	5.74%	57	6.80%	71	0.80	75	-0.25	72
Allocation Index	6.09%	46	6.27%	53	0.92	52	--	--
Policy Index	6.25%	38	6.32%	55	0.94	49	0.44	38

5 Years Ending September 30, 2017



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

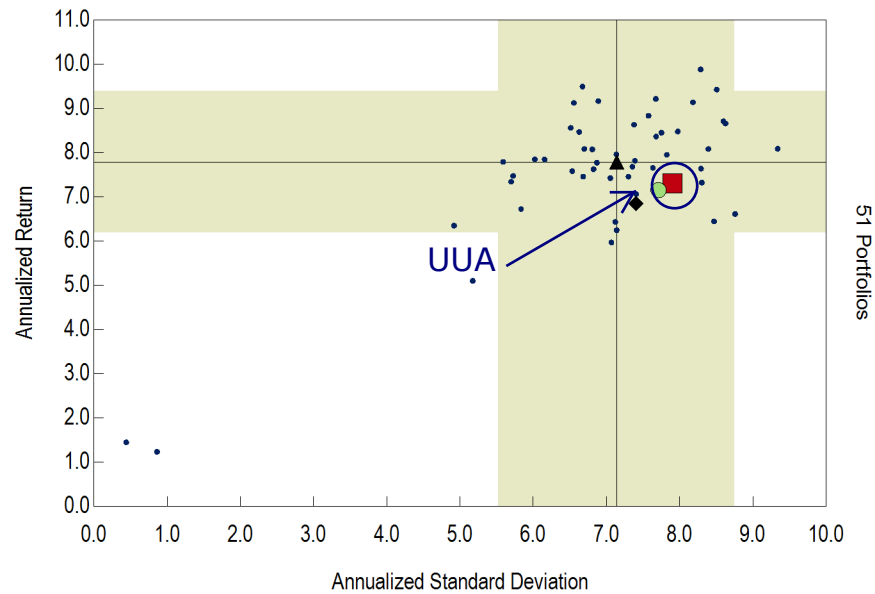
5 Years Ending September 30, 2017

	Anlzd Ret	Rank	Anlzd Std Dev	Rank	Sharpe Ratio	Rank	Info Ratio	Rank
Composite	7.05%	72	6.59%	75	1.04	86	-0.10	65
Allocation Index	7.18%	71	5.98%	45	1.17	66	--	--
Policy Index	7.33%	66	6.23%	53	1.14	70	0.29	42

Unitarian Universalist Common Endowment Fund, LLC

Total Fund Risk/Return (Gross of Fees)

7 Years Ending September 30, 2017

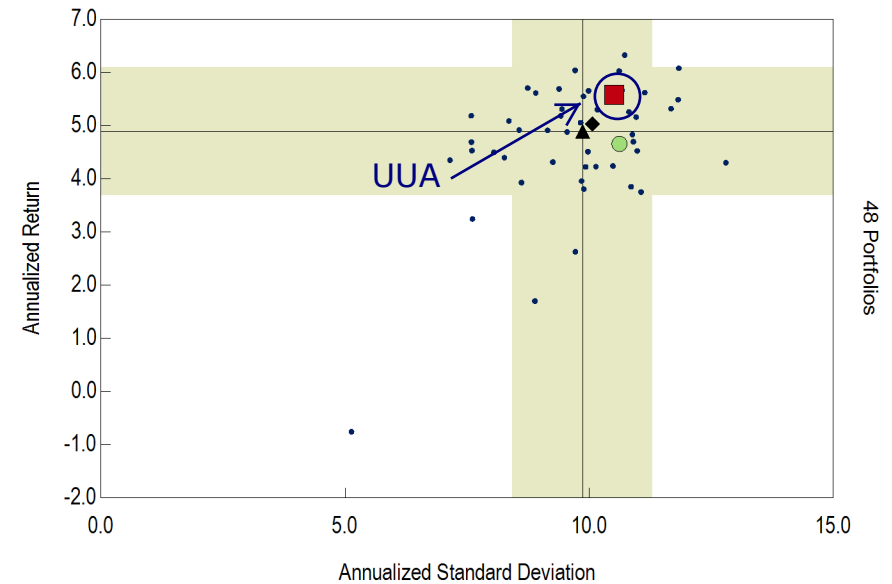


- Composite
- ◆ Allocation Index
- Policy Index
- ▲ Universe Median
- 68% Confidence Interval
- InvestorForce All Endowment \$50mm-\$250mm Gross

7 Years Ending September 30, 2017

	Anlzd Ret	Rank	Anlzd Std Dev	Rank	Sharpe Ratio	Rank	Info Ratio	Rank
Composite	7.30%	76	7.90%	77	0.90	85	0.35	43
Allocation Index	6.84%	82	7.40%	60	0.90	86	--	--
Policy Index	7.15%	78	7.71%	71	0.90	84	0.52	27

10 Years Ending September 30, 2017



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

10 Years Ending September 30, 2017

	Anlzd Ret	Rank	Anlzd Std Dev	Rank	Sharpe Ratio	Rank	Info Ratio	Rank
Composite	5.57%	22	10.51%	69	0.50	41	0.35	22
Allocation Index	5.03%	45	10.07%	61	0.46	55	--	--
Policy Index	4.65%	58	10.62%	71	0.40	72	-0.28	87

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 affects 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:

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

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.

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

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

Data Source: InvestorForce



Disclaimer

- **NEPC uses, as a data source, the plan's custodian bank or service provider for asset balances, calculation of accruals, transfers, exchanges and contribution deferral information. While NEPC has exercised reasonable professional care in preparing this report, we cannot guarantee the accuracy of all source information contained within.**
- **This report is provided as a management aid for the client's internal use only. Fund performance contained in this report does not constitute a recommendation by NEPC.**
- **Information in this report on fund returns, market indices and security characteristics is received from sources external to NEPC. While efforts are made to ensure that this external data is accurate, NEPC cannot accept responsibility for errors that may occur.**
- **(c) Morningstar 2014. All Rights Reserved. For institutional use only. The information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. Past financial performance is no guarantee of future results.**

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.

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.