

# Investment Committee Meeting Minutes

December 9, 2009

Greeley Library

Boston, Massachusetts

Members Present: Jim Sherblom (Chair), Carol McMullen, Katherine Dion, Tim Brennan, Dan Brody, Will Saunders, Arnold Bradburd

Others Present: Kevin Kondry (NEPC), Scott Driscoll (NEPC), Rachel Daugherty (UUA)

**Minutes** – Sherblom moves to approve the minutes of the September meeting. Seconded, minutes approved.

## **UUCEF Performance Review** – Presented by NEPC

Performance has significantly improved this year. The UUCEF has gained back much of the value lost last year. Compared with other nonprofit clients, the UUA is doing very well. The assets in the fund totaled \$ 112.8 million as of September 30, 2009.

- NEPC benchmarks the UUA's endowment against a custom universe of endowments between \$50 - \$200 million
- The Endowment's +13.6% return in the third quarter ranked in the 12th percentile of the custom endowment universe (1<sup>st</sup> being the best)
  - Active management added 100 basis points in the quarter
- For the year, the Endowment's +7.0% return ranked in the 16th percentile of the custom universe
  - Asset allocation decisions added 200 basis points to return
  - Active management added 10 basis points
- The three-, five-, and seven-year returns ranked in the top third of the custom endowment universe

## **Manager presentation: Wellington Management Company**, Global Tactical Asset

Allocation: WTC-CTF Opportunistic Investment Allocation Portfolio

Presentation from: Sarah Gilfillan, CFA, Portfolio Specialist; Randall Mayer, Client Service Manager

- Strategy is to outperform market index with a niche exposure to the investment universe.
- Concentrate in non-core areas of the market (like high yield, emerging market, non US small cap)
- Goal is to out-perform core market against benchmark of 65% equities, 35% fixed income
- Based on fundamental research rather than quantitative
- Not contained by sector or region, want to maximize opportunities

- Climate Change: Impact expected to be pervasive and inflationary. Investing in companies that focus on: energy infrastructure, renewable and clean fuel, end-use efficiency
- Fund has outperformed benchmark over 1, 3 and 5 years. Five-year return is 9% vs. benchmark of 2.5%

**Manager Presentation: GMO**, Global Tactical Asset Allocation, Global Bond

Presentation from: Edmund Bellord, Adam Dicker, Tina Vandersteel

Global Balanced Asset Allocation Strategy

- 2009 has been a struggle due to overweight in high quality equities; market has run up risky assets or “junk.” Just matching benchmark through September.
- Had a defensive portfolio last year, which resulted in losing less than the benchmark.
- The tool they use for deciding asset allocations is guided by their 7 year asset forecast
- US high quality defined by consistent return on equity and low leverage
- Has added significant value over benchmark over last 5 and 10 years.

Global Fixed Income

- Last year imposed fee on liquidations because of lock-up in credit markets. Put severe pressure on their collateral pools. This situation has now eased and penalties have been eliminated.
- As debt securities mature they are paying off 100 cents on the dollar.
- Over last year the Fund generated 28.85% vs. the benchmark of 14.82%

**Review of SRI International Manager options – NEPC**

- NEPC presented several socially responsible international equity managers
- Two were selected for interviews at the next meeting: Boston Common Asset Management and Global Currents

**Next Meeting**

- Interview two finalist SRI international equity managers
- NEPC will present their asset class assumptions – will be a big shift from last year.
- At future meeting present opportunities in real assets

Meeting adjourned.