



UUCEF, LLC Investor Call

December 4, 2018

3pm Eastern

Presenters:

Kathleen Gaffney, Chair, UUA Investment Committee

Kathy Mulvey, Chair, UUA Socially Responsible Investment Committee

Tim Brennan, UUA Treasurer and CFO

Call 800-617-4268 (US toll free)

Passcode: 73886534#

Press *6 to mute/unmute

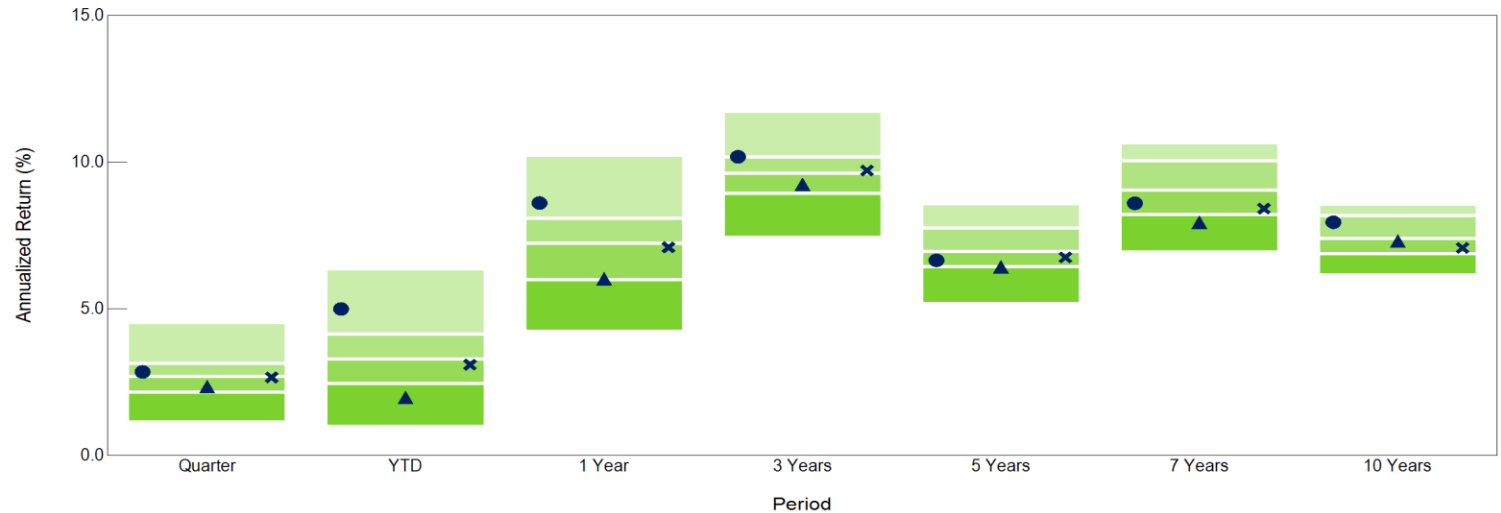


Agenda

- Performance Review as of 10/31/18
- November 20th Investment Committee meeting review
- Questions and Answers

TOTAL FUND RETURN VS PEER UNIVERSE - GROSS

Composite vs. InvestorForce All Endowment \$50mm-\$250mm Gross



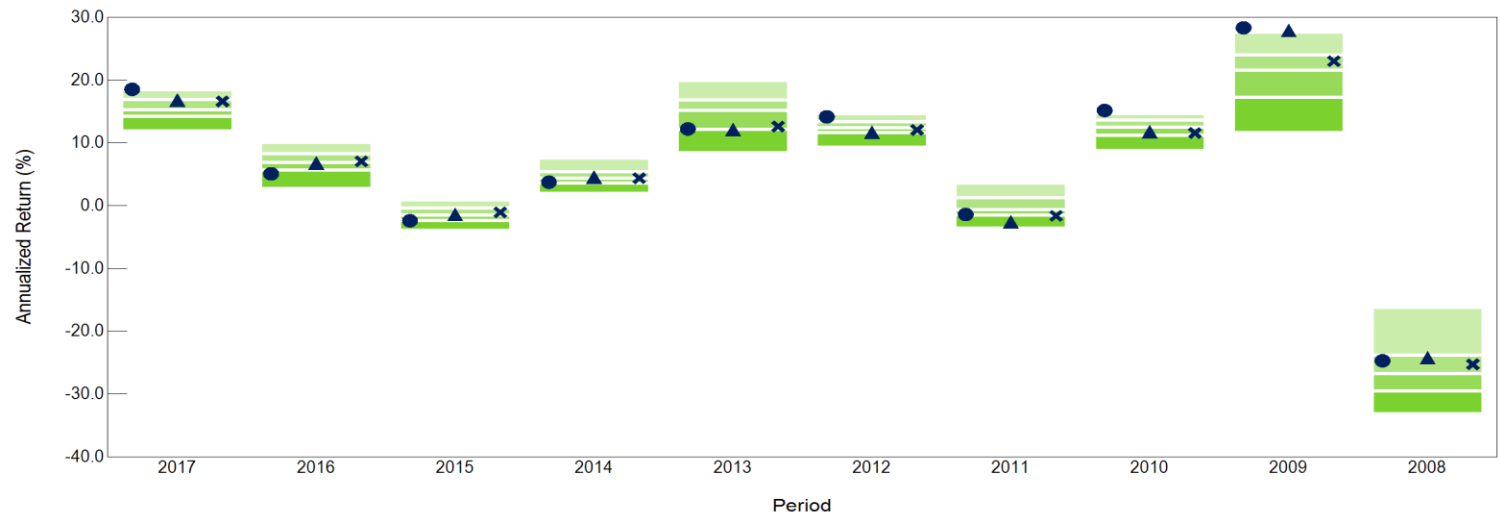
	Return (Rank)													
5th Percentile	4.5	6.4	10.2	11.7	8.6	10.6	8.6							
25th Percentile	3.2	4.1	8.1	10.2	7.8	10.1	8.2							
Median	2.7	3.3	7.2	9.6	7.0	9.0	7.4							
75th Percentile	2.2	2.5	6.0	8.9	6.4	8.2	6.9							
95th Percentile	1.1	1.0	4.2	7.4	5.2	6.9	6.2							
# of Portfolios	79	78	77	70	63	56	54							
● Composite	2.8	(43)	5.0	(10)	8.6	(12)	10.2	(27)	6.6	(62)	8.6	(61)	7.9	(36)
▲ Allocation Index	2.3	(71)	2.0	(87)	6.0	(74)	9.2	(64)	6.4	(76)	7.9	(82)	7.3	(54)
× Policy Index	2.7	(54)	3.1	(56)	7.1	(53)	9.7	(46)	6.8	(59)	8.4	(70)	7.1	(69)



September 30, 2018

TOTAL FUND RETURN VS PEER UNIVERSE - GROSS

Composite vs. InvestorForce All Endowment \$50mm-\$250mm Gross



	Return (Rank)									
5th Percentile	18.4	10.1	0.9	7.5	19.9	14.6	3.6	14.6	27.6	-16.3
25th Percentile	17.0	8.3	-0.3	5.5	16.9	13.4	1.3	13.7	24.1	-23.8
Median	15.3	6.9	-1.5	4.4	15.2	12.5	-0.6	12.5	21.6	-26.7
75th Percentile	14.2	5.7	-2.3	3.6	12.2	11.7	-1.5	11.2	17.3	-29.4
95th Percentile	11.9	2.8	-3.9	2.0	8.4	9.4	-3.6	8.8	11.6	-33.1
# of Portfolios	76	79	80	90	81	83	82	77	75	71
● Composite	18.5 (5)	5.1 (85)	-2.4 (80)	3.7 (74)	12.2 (75)	14.1 (12)	-1.4 (73)	15.2 (3)	28.3 (5)	-24.7 (31)
▲ Allocation Index	16.8 (27)	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)
× Policy Index	16.6 (32)	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)



UNITARIAN UNIVERSALIST COMMON ENDOWMENT FUND

UNITARIAN UNIVERSALIST ASSOCIATION

As of October 31, 2018

	Market Value (\$)	% of Portfolio	Policy %	1 Mo (%)	Fiscal YTD (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	4 Yrs (%)	5 Yrs (%)	7 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
Composite - Gross	180,914,056	100.0	100.0	-6.3	-3.7	-1.6	0.3	6.3	4.6	4.7	6.6	8.8	6.9	Jul-02
Allocation Index				-5.9	-3.6	-4.0	-1.5	5.6	4.3	4.6	6.1	8.1	6.4	Jul-02
Policy Index				-5.3	-2.8	-2.3	0.1	6.2	4.8	5.0	6.5	8.0	--	Jul-02
Composite - Net	180,914,056	100.0	100.0	-6.4	-4.1	-2.6	-0.9	5.1	3.4	3.6	5.5	7.7	5.8	Jul-02
Allocation Index				-5.9	-3.6	-4.0	-1.5	5.6	4.3	4.6	6.1	8.1	6.4	Jul-02
Policy Index				-5.3	-2.8	-2.3	0.1	6.2	4.8	5.0	6.5	8.0	--	Jul-02
Domestic Equity Composite	56,038,704	31.0	29.0	-10.2	-4.3	4.6	7.4	10.6	8.8	9.7	13.7	15.6	10.1	Jul-02
Russell 3000				-7.4	-0.8	2.4	6.6	11.3	9.5	10.8	13.8	13.3	8.8	Jul-02
Rhumblin	19,864,107	11.0	10.5	-5.8	-0.2	0.0	4.5	10.4	8.0	9.3	12.6	11.8	7.1	Aug-05
Russell 1000 Value				-5.2	0.2	-1.5	3.0	8.9	6.7	8.6	12.4	11.3	7.0	Aug-05
Sands	18,851,340	10.4	10.5	-13.6	-7.9	11.5	12.0	11.4	9.9	10.8	15.7	18.8	11.6	Dec-03
Russell 1000 Growth				-8.9	-0.6	6.6	10.7	13.7	12.5	13.4	15.4	15.5	9.6	Dec-03
Wellington SMID	8,018,452	4.4	4.0	-9.8	-5.5	-0.8	1.1	--	--	--	--	--	7.4	Apr-16
Russell 2500 Value				-8.5	-6.1	-3.3	0.3	9.0	6.4	7.2	11.8	12.1	10.5	Apr-16
Kennedy Capital	9,304,806	5.1	4.0	-11.9	-4.0	4.2	--	--	--	--	--	--	4.2	Jan-18
Russell 2000 Growth				-12.7	-7.8	1.1	4.1	10.7	8.9	8.8	12.9	13.9	1.1	Jan-18
International Equity Composite	48,690,181	26.9	25.0	-8.3	-6.7	-8.6	-6.6	4.9	2.2	1.6	3.9	5.1	5.4	Jul-02
MSCI ACWI ex USA				-8.1	-7.5	-11.0	-8.2	4.4	2.0	1.6	4.5	6.9	6.3	Jul-02
MFS International Concentrated	13,272,609	7.3	7.0	-9.7	-6.8	-6.4	-4.7	5.9	4.6	3.7	--	--	5.1	Apr-13
MSCI EAFE				-8.0	-6.7	-9.3	-6.9	3.6	2.7	2.0	5.6	6.9	4.3	Apr-13
Boston Common	13,826,887	7.6	7.0	-9.5	-8.5	-10.1	-8.6	3.6	3.0	1.9	5.3	--	4.6	May-10
MSCI EAFE				-8.0	-6.7	-9.3	-6.9	3.6	2.7	2.0	5.6	6.9	4.8	May-10
Baxter Street	9,983,150	5.5	5.0	-5.6	-4.5	-3.8	-2.8	--	--	--	--	--	8.7	Apr-16
MSCI ACWI ex USA				-8.1	-7.5	-11.0	-8.2	4.4	2.0	1.6	4.5	6.9	6.9	Apr-16
RBC Global Emerging Equity	11,607,535	6.4	6.0	-7.0	-6.5	-13.3	-9.7	--	--	--	--	--	5.3	Jul-16
MSCI Emerging Markets				-8.7	-9.7	-15.7	-12.5	6.5	0.8	0.8	1.8	7.8	8.5	Jul-16



UNITARIAN UNIVERSALIST ASSOCIATION

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Fixed Income Composite	40,837,287	22.6	20.0	-1.1	-1.2	-3.1	-2.4	1.5	1.3	1.8	2.9	5.8	4.1	Jul-02
BBgBarc US Aggregate TR				-0.8	-0.8	-2.4	-2.1	1.0	1.3	1.8	1.9	3.9	4.0	Jul-02
Brandywine Global Opportunistic	9,051,584	5.0	5.0	-3.7	-4.5	-7.5	-5.7	--	--	--	--	--	0.3	Mar-17
FTSE WGBI TR				-1.1	-2.7	-3.6	-2.1	1.3	0.1	-0.2	-0.3	2.3	1.3	Mar-17
Loomis Multi Sector	9,414,992	5.2	5.0	-0.9	0.0	-1.6	-1.0	--	--	--	--	--	2.1	Mar-17
BBgBarc US Govt/Credit TR				-0.9	-0.8	-2.7	-2.3	1.2	1.3	1.9	2.0	4.1	0.1	Mar-17
Franklin Templeton GMS	5,558,664	3.1	3.0	2.0	2.1	-0.6	-1.3	--	--	--	--	--	0.2	Mar-17
BBgBarc Multiverse				-1.1	-1.9	-3.4	-2.1	1.8	0.5	0.5	0.8	3.4	1.3	Mar-17
Breckinridge - Corporate	9,762,715	5.4	5.0	-0.2	0.1	-0.8	-0.9	1.0	1.4	--	--	--	1.4	Nov-14
BBgBarc US Govt/Credit Int TR				-0.1	0.1	-0.9	-1.1	0.9	1.1	1.4	1.6	3.3	1.1	Nov-14
Breckinridge-Treasury	3,482,592	1.9	2.0	-3.0	-5.9	-9.1	-7.1	--	--	--	--	--	-2.4	Mar-17
BBgBarc US Treasury Long TR				-3.0	-5.8	-8.7	-6.4	-0.1	1.2	3.5	2.5	5.5	-1.7	Mar-17
Loomis Sayles Strategic Alpha	3,566,741	2.0	0.0	0.0	0.6	1.5	1.7	2.7	2.1	--	--	--	2.0	Aug-14
BBgBarc US Aggregate TR				-0.8	-0.8	-2.4	-2.1	1.0	1.3	1.8	1.9	3.9	1.5	Aug-14
3-Month LIBOR + 3%				0.5	1.8	4.4	5.2	4.4	4.1	3.9	3.8	3.7	4.1	Aug-14
Opportunistic Investments	25,318,772	14.0	20.0	-4.4	-3.2	-4.6	-3.3	3.3	1.4	2.0	3.8	--	--	Jan-08
CPI + 5% (Unadjusted)				0.6	2.0	6.8	7.6	7.2	6.7	6.7	6.7	6.6	6.8	Jan-08
GMO Benchmark Free Allocation Fund	18,670,269	10.3	10.0	-3.6	-3.2	-4.7	-3.5	3.1	1.5	1.7	3.8	5.6	3.6	Jan-08
65% MSCI ACWI (Net) / 35% BBgBarc Aggregate				-5.1	-2.5	-3.3	-0.9	5.5	4.3	4.8	6.5	8.0	4.1	Jan-08
CPI + 5% (Unadjusted)				0.6	2.0	6.8	7.6	7.2	6.7	6.7	6.7	6.6	6.8	Jan-08
Cevian Capital II	6,076,015	3.4	3.0	-6.9	-3.7	-4.6	-2.6	8.9	--	--	--	--	2.8	Apr-15
HFRX Event Driven Index				-4.6	-5.6	-9.8	-9.8	1.2	-0.3	-0.8	1.8	2.3	-0.6	Apr-15
MSCI EAFE				-8.0	-6.7	-9.3	-6.9	3.6	2.7	2.0	5.6	6.9	2.3	Apr-15
Entrust Class X	572,488	0.3	2.0	-0.2	-0.9	-2.2	-3.0	--	--	--	--	--	-3.5	Jan-17



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Private Markets/Opportunistic	5,726,320	3.2	5.0	-0.5	0.5	5.7	7.2	8.4	7.8	--	--	--	8.2	May-14
<i>Private Markets Custom Benchmark</i>				<i>0.0</i>	<i>0.2</i>	<i>10.4</i>	<i>15.6</i>	<i>13.6</i>	<i>12.3</i>	<i>--</i>	<i>--</i>	<i>--</i>	<i>12.7</i>	<i>May-14</i>
OCP Orchard Landmark	2,231,883	1.2		0.6	3.1	10.0	11.6	--	--	--	--	--	11.6	Nov-17
<i>JP Morgan Corporate EMBI Broad TR USD</i>				<i>-0.5</i>	<i>0.7</i>	<i>-2.2</i>	<i>-1.9</i>	<i>4.7</i>	<i>3.5</i>	<i>4.1</i>	<i>4.8</i>	<i>9.5</i>	<i>-1.9</i>	<i>Nov-17</i>
FEG Private Opportunities Fund	1,582,596	0.9												
Brockton Capital Fund III	737,042	0.4												
SJF Ventures	646,985	0.4												
Canvas Distressed Credit Fund	527,815	0.3												
Community Development	1,788,149	1.0	1.0	0.1	0.3	1.2	1.3	1.1	1.1	1.1	1.3	1.5	1.6	Jul-07
<i>91 Day T-Bills</i>				<i>0.2</i>	<i>0.7</i>	<i>1.5</i>	<i>1.7</i>	<i>0.9</i>	<i>0.7</i>	<i>0.6</i>	<i>0.4</i>	<i>0.3</i>	<i>0.6</i>	<i>Jul-07</i>
Cash	2,514,642	1.4	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 \$163,873.00 adjustment for pending capital additions into the UUA Endowment Fund.
- Net returns for the UUCEF Composite incorporates both investment management fees and UUA administrative fees/expenses.



Fund Commentary

- The endowment returned **2.8%** (gross of fees)* during **Q3 of 2018**, ranking **43rd** in the endowment universe, outperforming the allocation and policy indices.
- Over the trailing one-year period, the endowment returned **8.6%** (gross of fees)*, ranking in the **27th** percentile in the endowment universe, outperforming the allocation and policy indices.
- Over the ten-year time period, performance ranked in the **36th** percentile of the peer universe returning **7.9%** (gross of fees)*.

*Gross of fees returns are used to fairly compare the UUCEF to its peers. The UUCEF net of fee returns include management, consulting, audit, and legal fees whereas the peer universe only includes management fees.

Investment Committee Highlights

Investment Committee

- Committed \$2 million to Private Equity manager, HCAP, an impact investor that funds businesses in communities that lack employment opportunities. They work with company management to insure that all jobs are quality jobs.
- Decided to consider a private equity investment in Generation, a firm that puts capital into climate solutions.

Integration of Investment Committee and Socially Responsible Investment Committee

- Why this is important
- What we think it will look like
- Presented joint report to the UUA Board of Trustees
 - UUCEF Performance Review
 - Revision of Socially Responsible Investment Guidelines in final phase
 - Enthusiastic, productive discussion

Advocacy & Engagement Update

Have filed or co-filed 7 shareholder resolutions

- Marathon oil – 2 degree scenario
- BlackRock and Ford Motor Co. – Lobbying disclosure
- Exxon, Valero and Northern Trust – Political expenditures
- SunTrust – Human rights

Continuing dialogue with Climate Action 100+ companies:

- Devon Energy
- Exelon
- Xcel

And with:

- Chevron
- Noble Energy
- Range Resources
- Wells Fargo

Audited Financial Statements

- Received a clean or unmodified opinion.
- Fairly stated in all material respects in relation to the consolidated financial statements and supplemental information.
- No adjustments were necessary.
- Financial disclosures are neutral, consistent, and clear.

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
- Ken Redd
- Tim Brennan, Treasurer
- Lucia Santini, Financial Advisor

SRI Committee

- Kathy Mulvey, Chair
- Vonda Brunsting
- Kristin Faust
- Julie Skye
- Pat Tomaino
- 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:

- Susan Helbert, Assistant to the Treasurer

617-948-4306

shelbert@uua.org

- Tim Brennan, Treasurer and CFO

617-948-4305

tbrennan@uua.org