

MEETING MATERIALS

UNITARIAN UNIVERSALIST ASSOCIATION OF CONGREGATIONS

August 19, 2019



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

ADMINISTRATIVE

NEPC, LLC

SRIC/IC Meeting—Agenda
August 20, 2019
8:30am-2:00pm

8:30am – 9:30am SRIC

- 8:30am Consideration of Community Investment Opportunities
- Ujima Project (\$25,000)
 - Boston Impact Fund (\$50,000)
- 9:10am Shareholder Engagement & Advocacy

9:30am – 12:00pm IC

- 9:30am Emerging Market Equity Overview
- Address follow up questions from May
 - Fit/sizing analysis
- 9:45am Acadian Interview
- 10:45am Break
- 11:00am Debrief and Next Steps on Emerging Market Equity
- 11:15am Fixed Income Allocation
- Discuss alternative options for short duration
 - Review manager sizing for flexible mandates
- 11:45pm Break

12:00pm – 2:00pm Joint IC/SRIC

- 12:00pm Working Lunch
- Debrief Monday's workshop and discuss next steps
 - Discuss calendar template for meetings
- 12:45 pm SRIC Recommendation for Community Investment Opportunities
- 1:00pm Manager Introductions
- Overview of Impax and Ownership Capital
- 1:30pm Performance Update
- 1:45pm Discuss plans for next meeting

UUA Investment Committee – Minutes - DRAFT

24 Farnsworth Street, Room 210

Boston, MA 02210

May 16, 2019

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

Members absent: Ken Redd

Staff: Susan Helbert

NEPC: Lily Fayerweather, Krissy Pelletier, Asher Watson

SRI Committee: Vonda Brunsting, Kathy Mulvey, Julie Skye, Pat Tomaino

1. Minutes from February 22, 2019 - Gaffney

Motion 1: To approve minutes from the February 22, 2019 meeting. Moved: LaPann, seconded: Santini-Field, all approved.

2. Consideration of Community Investment Opportunities – Mulvey

- Ujima Project 25K -
 - Full due diligence hasn't been completed. SRI Committee will schedule a call to review and form a recommendation for the Investment Committee.
- Boston Impact Fund 50K –
 - Invest in communities of color led by people of color and have become a leader in the field nationally.
 - Full due diligence hasn't been completed. SRI Committee will schedule a call to review and form a recommendation for the Investment Committee.
- Both investments fit our commitment to racial justice.

Action item 1: Helbert to schedule a call for the committee to review the Ujima Project and Boston Impact Fund investment opportunities.

Action item 2: Brennan to contact Faust for full due diligence reports.

3. Statement of Investment Beliefs – all members

- According to the Principles for Responsible Investment, “Investment beliefs set the direction for investment policy, investment practice and organisational culture. . . They also help asset owners to make practical decisions about their investment style, their selection and monitoring of investment managers, their

asset allocation, their investment decisions, their performance objectives, and their approach to active ownership.”

<https://www.unpri.org/asset-owners/investment-beliefs-examples-from-practice/288.article>

- Brunsting reported that discussions with Rob Lake were fruitful, he would be able to work with us for reasonable compensation.
- Hazen Foundation was unable to offer support but suggested contacting the Hyams Foundation for a possible grant.

Action item 3: Brunsting to contact the Hyams Foundation.

Action item 4: Brunsting to send the article on what a statement of beliefs is to Helbert for posting to the committee’s private page.

Action item 5: Brunsting, Gaffney, Mulvey and Santini-Field to have a conference call to discuss cost and time commitment.

Action item 6: Helbert to send out doodle poll attempting to schedule a day and a half meeting earlier than the scheduled September meeting. Afternoon meeting to work on Statement of Beliefs followed by full day regular meeting.

4. Screening Criteria Process Review – all members

- Committees discussed creating a more formal process for updating the investment exclusion list that is distributed to separate account managers. The SRI Committee will review the biannual reports from Sustainalytics and make recommendations to the Investment Committee.
- Need to ensure Board and GA actions are incorporated into the policy.

Action item 7: NEPC to prepare a suggested procedure and analysis process to follow for updating screening criteria.

5. Review Updated SRI Policy – all members

- Discussed the existing and suggested changes to the language with respect to countering white supremacy culture and human rights.
- Discussed how the SRI Policy guides the work of the Investment Committee.
- Updated version is good; will wait for reviews by legal counsel, ICCR and Sustainalytics prior to SRI Committee vote.

Action item 8: Brennan to send policy to Paloma Munoz Quick at ICCR for review/suggestions on the Human Rights portion.

Action item 9: Brennan to send policy to Sustainalytics to see how new language affects screening.

Action item 10: Brennan to send policy and by-laws to legal counsel for review/advice to ensure there are no conflicts.

6. Meeting Structure Review – all members

- Both committees feel more time is needed for their separate work.
- An offsite longer meeting once per year could be helpful for the discussion items where the other three meetings would be more decision based.
- While structure needs to be modified, much of the time over the last several meetings has been spent on overarching issues such as the SRI Policy and the Statement of Beliefs. Once these are completed there will be more time to focus on regular agenda items.
- It was suggested that we add sections to the meeting materials on community investments on shareholder advocacy work.
- Some work could be done between meetings by subgroups of the committees.
- All agreed finding a meeting format is necessary.

Action item 10: Gaffney and Mulvey to compile meeting suggestions and circulate to committee for discussion at next meeting.

Action item 11: NEPC to add page to the meeting materials listing the Community Investments with values and a page detailing the advocacy work.

7. Performance Update – NEPC

- The Endowment returned 9.7% (gross of fees) during Q1 of 2019, ranking in the 10th percentile of the universe, outperforming both the allocation and policy indices.
- Over the trailing one-year period, the Endowment returned 4.2% (gross of fees), ranking in the 20th percentile of the universe and outperforming both the allocation and policy indices.
- Over the one- and three-year time period, portfolio performance has ranked in the top quartile among peers.

Action item 13: NEPC to provide combined performance of Kennedy Capital and WCM Investment Management on reports.

8. Implementation Work Plan – all members

- Discussed investment options with goal of building toward strategic asset allocation targets.

- Need to review fixed income managers and select a new emerging market manager.

Motion 2: Sell 6% of GMO and place proceeds into Vanguard Short-Term Government Treasury. Moved Gaffney, seconded LaPann, all approved.

Motion 3: Sell Loomis Sayles Strategic Alpha and allocate across fixed income managers. Moved Gaffney, seconded LaPann, all approved.

9. Emerging Market Equity Manager Search – NEPC, all members

- Reviewed report analyzing four managers: Acadian, Schroder, Comgest and OFI. All would complement the existing RBC Global Emerging Equity strategy.
- NEPC recommended investing with Acadian:
 - An all cap approach gives exposure across the market cap spectrum.
 - Employs a quantitative process which contrasts with the fundamental process at RBC.
 - Strong ESG integration and lower fees than other available options.

Action item 14: NEPC to provide return analytics for all emerging market managers in their universe.

Action item 15: NEPC to provide a report showing comparison of Acadian, Schroder, and RBC.

**Next Meeting Date
September 10, 2019**

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: 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: WCM Small Cap Growth

Benchmark: Russell 2000 Growth

Asset Class: Small cap domestic equity - growth

Role in Portfolio: Growth Assets

Description: WCM utilizes a fundamental, bottom-up research process that relies on internal sources to generate potential buy candidates. They do this through the ongoing review of news and results across the investable universe on an industry-by-industry, analyst-by-analyst basis and the continual monitoring of trends and factors that would impact company fundamentals. WCM's emphasis is on understanding the drivers of returns on invested capital, the opportunities available to companies to deploy additional capital at attractive rates of return, and the ability of management teams to capitalize on those opportunities.

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: Orchard Landmark

Benchmark: JP Morgan Corporate EMBI

Asset Class: Private Markets/Opportunistic

Role in Portfolio: Growth assets

Description: Orchard Landmark structures private credit transactions for family-owned businesses in Asia Pacific, leveraging long-standing local teams with investment and legal talent, established deal structuring track-records; and established borrower relationships. They play off the demand-supply imbalance in Asia Pacific capital markets for short-term credit to both small-to-medium enterprises and corporations looking for growth capital. As such, Asian private credit affords a potential return premium for illiquidity, higher inflation, and emerging market risk.

Manager: FEG Private Opportunities Fund

Benchmark: Private Equity Benchmark

Asset Class: Private Markets/Opportunistic

Role in Portfolio: Growth assets

Description: FEG Private Opportunities Fund is a fund of funds with the flexibility to invest globally across private equity, special situations, and private real assets.

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.

Manager: Canvas Distressed Fund

Benchmark: HFRI Event Driven: Distressed/Restructuring Index

Asset Class: Private Markets/Opportunistic

Role in Portfolio: Growth assets

Description: Canvas Distressed Fund will invest in Brazil-focused single name distressed corporate debt and judicial claims (federal claims and quasi-government claims). The Fund intends to buy single name corporate debt at steep discounts. Canvas does not attempt to restructure distressed companies; it will instead sell or auction the debt's collateral assets to recover value. The Fund will also invest in federal claims, which are referred to as Precatorio, and quasi-government and private claims against entities such as the state-owned utility companies. This strategy benefits from several key macro factors in Brazil: High interest rates, shrinking credit facilities, lack of large investment management competitors post 2008-09, a drastic increase in corporate bankruptcies, and reduced foreign direct investment following the 2015 Brazilian debt downgrade.

Manager: Generation IM Sustainable Solutions Fund III

Benchmark: Private Equity Benchmark

Asset Class: Private Markets/Opportunistic

Role in Portfolio: Growth assets

Generation believes that we are in the early stages of a systemic, secular, multidecade transition to a sustainable economy, and will use their unique deep-dive sector roadmaps to identify investment opportunities to assist with the transition. They will focus on private growth stage opportunities with broad sustainable solution themes, which they define as providing goods and services for a low-carbon, prosperous, equitable, healthy and safe society. The Fund will invest across sectors including transportation, agriculture, energy, industrials and consumer, and will invest primarily in North America and Europe. Their typical role will be an active minority investor, providing growth capital and market insight to help accelerate market adoption. In their underwriting, Generation looks to target high-quality businesses and high quality management, focusing on businesses run by trusted, talented, mission-driven management teams.

NEPC UPDATES

NEPC, LLC

HIGHLIGHTS OF 2019 SECOND QUARTER HAPPENINGS AT NEPC

NEPC INSIGHTS

- NEPC's Investor Governance Pulse: Data Show Investors Value Collaborative, Long-Term Consultant Relationship
- Direct Investing (Part II): What Do the Numbers Say?
- Taking Stock: An Overview of the 2019 Indian Election
- Taking Stock: A Sneak Preview of NEPC's 24th Annual Investment Conference
- NEPC's 2019 Q1 Endowments & Foundations Survey Results and Infographic
- Defined Contribution: My Guide to Retirement
- Direct Investing (Part III): Tips for Setting a Program up for Success
- 2019 First Quarter Market Thoughts
- Taking Stock: Updates to Corporate Pension Plan Rules and Q1 Liability Performance
- NEPC's 24th Annual Investment Conference Recap: Infographics
- Taking Stock: One Corporate Plan's Journey of Terminating its Pension
- Taking Stock: A Recap of NEPC's 24th Annual Investment Conference
- The ABC of Family Partnerships
- Not So Taxing: Tax Reform and Giving

WEBINAR REPLAYS

- NEPC's 2019 Q1 Quarterly Market Thoughts Call
- 9th Annual Investment Manager Webinar Replay
- Insurance Asset Management: Insurance Companies Transitioning Into Asset Management Webinar Replay

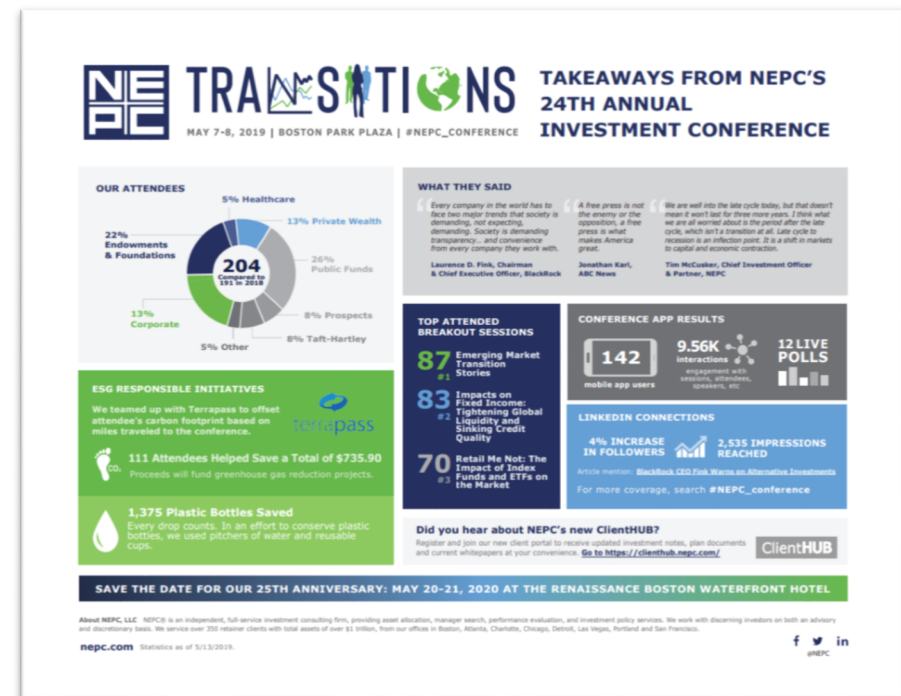
To download NEPC's recent insights and webinar replays, visit: www.NEPC.com/insights



HIGHLIGHTS OF 2019 SECOND QUARTER HAPPENINGS AT NEPC

RECENT UPDATES

- NEPC's 24th Annual Investment Conference in May 2019 at Boston's iconic Park Plaza Hotel — with a record turnout of over 200 attendees — saw some industry heavyweights come together. The event featured speakers such as Larry Fink, founder, chairman and CEO of BlackRock, the world's largest asset manager, Karen Karniol-Tambour, head of investment research at Bridgewater Associates, and Jonathan Karl, chief White House correspondent for ABC News.
- As we draw the curtain on yet another successful conference, we thank everyone who attended and look forward to seeing you next year! Be sure to mark your calendars for NEPC's 25th annual conference on May 20-21, 2020 at the Renaissance Boston Waterfront Hotel.



To view materials from NEPC's 24th Annual Investment Conference visit:

<https://info.nepc.com/2019-client-conference-follow-up>



MARKET ENVIRONMENT & OUTLOOK

NEPC, LLC

CALENDAR YEAR INDEX PERFORMANCE

	2010	2011	2012	2013	2014	2015	2016	2017	2018	YTD
S&P 500	15.1%	2.1%	16.0%	32.4%	13.7%	1.4%	12.0%	21.8%	-4.4%	18.5%
Russell 1000	16.1%	1.5%	16.4%	33.1%	13.2%	0.9%	12.1%	21.7%	-4.8%	18.8%
Russell 2000	26.9%	-4.2%	16.3%	38.8%	4.9%	-4.4%	21.3%	14.6%	-11.0%	17.0%
Russell 2500	26.7%	-2.5%	17.9%	36.8%	7.1%	-2.9%	17.6%	16.8%	-10.0%	19.2%
MSCI EAFE	7.8%	-12.1%	17.3%	22.8%	-4.9%	-0.8%	1.0%	25.0%	-13.8%	14.0%
MSCI EM	18.9%	-18.4%	18.2%	-2.6%	-2.2%	-14.9%	11.2%	37.3%	-14.6%	10.6%
MSCI ACWI	12.7%	-7.3%	16.1%	22.8%	4.2%	-2.4%	7.9%	24.0%	-9.4%	16.2%
Private Equity*	19.8%	9.5%	12.6%	22.3%	14.6%	10.4%	10.3%	21.0%	13.1%	5.7%
BC TIPS	6.3%	13.6%	7.0%	-8.6%	3.6%	-1.4%	4.7%	3.0%	-1.3%	6.2%
BC Municipal	2.4%	10.7%	6.8%	-2.6%	9.1%	3.3%	0.2%	5.4%	1.3%	5.1%
BC Muni High Yield	7.8%	9.2%	18.1%	-5.5%	13.8%	1.8%	3.0%	9.7%	4.8%	6.7%
BC US Corporate HY	15.1%	5.0%	15.8%	7.4%	2.5%	-4.5%	17.1%	7.5%	-2.1%	9.9%
BC US Agg Bond	6.5%	7.8%	4.2%	-2.0%	6.0%	0.5%	2.6%	3.5%	0.0%	6.1%
BC Global Agg	5.5%	5.6%	4.3%	-2.6%	0.6%	-3.2%	2.1%	7.4%	-1.2%	5.6%
BC Long Treasuries	9.4%	29.9%	3.6%	-12.7%	25.1%	-1.2%	1.3%	8.5%	-1.8%	11.0%
BC US Long Credit	10.7%	17.1%	12.7%	-6.6%	16.4%	-4.6%	10.2%	12.2%	-6.8%	15.4%
BC US STRIPS 20+ Yr	10.9%	58.5%	3.0%	-21.0%	46.4%	-3.7%	1.4%	13.7%	-4.1%	14.7%
JPM GBI-EM Global Div	15.7%	-1.8%	16.8%	-9.0%	-5.7%	-14.9%	9.9%	15.2%	-6.2%	8.7%
JPM EMBI Glob Div	12.2%	7.3%	17.4%	-5.3%	7.4%	1.2%	10.2%	10.3%	-4.3%	11.3%
CS Hedge Fund	10.9%	-2.5%	7.7%	9.7%	4.1%	-0.7%	1.2%	7.1%	-3.2%	4.3%
BBG Commodity	16.8%	-13.3%	-1.1%	-9.5%	-17.0%	-24.7%	11.8%	1.7%	-11.2%	5.1%
Alerian MLP	35.9%	13.9%	4.8%	27.6%	4.8%	-32.6%	18.3%	-6.5%	-12.4%	17.0%
FTSE NAREIT Equity REITs	28.0%	8.3%	18.1%	2.5%	30.1%	3.2%	8.5%	5.2%	-4.6%	17.8%

Source: FactSet, Thomson One













*Private Equity return represents calendar year pooled IRR and is subject to a one quarter lag

As of 6/30/2019



PERFORMANCE OVERVIEW

Q2 Market Summary

Macro			Equity			Credit			Real Assets		
US Dollar	VIX	US 10-Yr	S&P 500	MSCI EAFE	MSCI EM	US Agg.	High Yield	Dollar EMD	Oil	Gold	REITS
											
-1.2%	1.4	-42 bps	4.3%	3.7%	0.6%	3.1%	2.5%	4.1%	-3.3%	9.0%	1.7%

Global equities broadly increased during the quarter as the market perceived a more dovish policy stance from the Fed

Market expectations for several rate cuts from the Fed reached a fever pitch as investors assessed low inflation data, a weaker global growth outlook, and uncertainties of US-China trade tensions

The spread between the 10-year Treasury Note and 3-month Treasury Bill remained negative through the end of the quarter as yields for longer duration bonds shifted materially lower

Market segment (index representation) as follows: US Dollar (DXY Index), VIX (CBOE Volatility Index), US 10-Year (US 10-Year Treasury Yield), S&P 500 (US Equity), MSCI EAFE Index (International Developed Equity), MSCI Emerging Markets (Emerging Markets Equity), US Agg (Barclays US Aggregate Bond Index), High Yield (Barclays US High Yield Index), Dollar EMD (JPM EMBI Global Diversified Index), Crude Oil (WTI Crude Oil Spot), Gold (Gold Price Spot), and REITs (NAREIT Composite Index). Source: FactSet



MACRO PERFORMANCE OVERVIEW

Q2 Macro Market Summary

The global growth outlook was revised downward – reflecting slower growth in major developed economies

The Fed signaled possible monetary easing to support economic growth

Global government bond yields continued to decline with the 10-year German yield declining 26 bps – reaching an all-time low

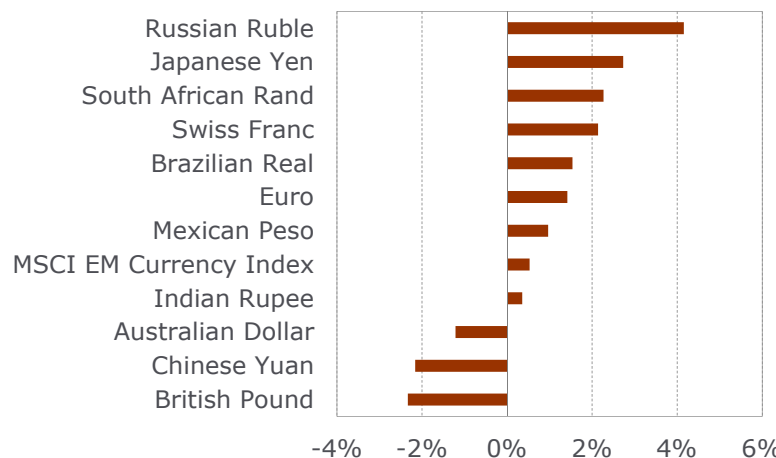
	Yield 3/31/19	Yield 6/30/19	Δ
US 10-Yr	2.42%	2.00%	-0.42%
US 30-Yr	2.82%	2.53%	-0.30%
US Real 10-Yr	0.53%	0.31%	-0.22%
German 10-Yr	-0.07%	-0.33%	-0.26%
Japan 10-Yr	-0.09%	-0.16%	-0.06%
China 10-Yr	3.09%	3.30%	0.22%
EM Local Debt	6.16%	5.69%	-0.48%

Source: FactSet

Central Banks	Current Rate	CPI YOY	Notes from the Quarter
Federal Reserve	2.25% - 2.50%	1.8%	The Fed held its benchmark interest rate at 2.25% - 2.50% in June, but signaled possible cuts later this year
European Central Bank	0.00%	1.2%	The ECB maintained its current benchmark interest rate and continued with plans to boost commercial lending
Bank of Japan	-0.10%	0.7%	The BoJ will continue its ultra-easy QE program with inflation remaining well below target

Source: FactSet

Currency Performance vs. USD



Source: FactSet



EQUITY PERFORMANCE OVERVIEW

Q2 Equity Market Summary

Developed equities outperformed as hopes for easy monetary policy from the Fed and ECB provided a tailwind for local equity markets

US-China trade uncertainties and yuan weakness weighed on Chinese equity returns

Russell 3000 QTD Sector Returns	
Technology	4.0%
Health Care	1.4%
Consumer Discretionary	6.2%
Consumer Staples	1.9%
Energy	-3.7%
Materials & Processing	5.7%
Producer Durables	4.0%
Financial Services	7.0%
Utilities	3.4%

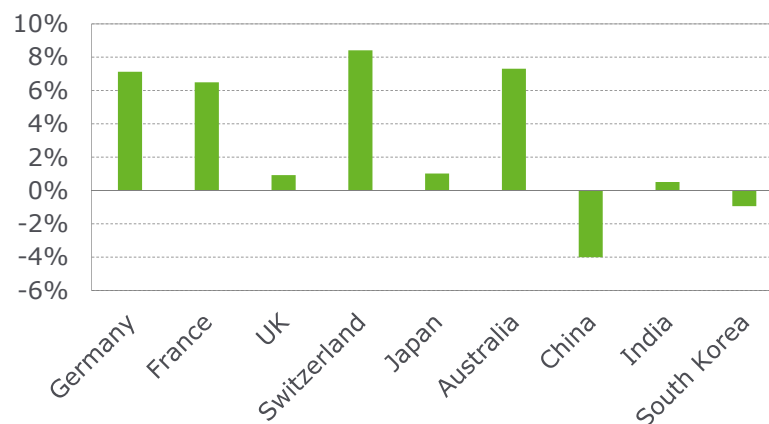
Source: FactSet

QTD Equity Index Returns



Source: FactSet

MSCI QTD Country-Specific Returns



Source: FactSet



CREDIT PERFORMANCE OVERVIEW

Q2 Credit Market Summary

Global yields continued to decline - reflecting concerns over the global growth outlook

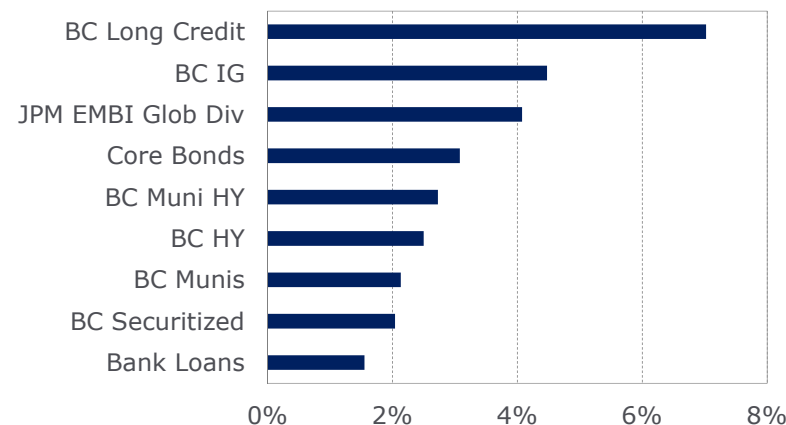
Assets with longer duration benefited from the decline of interest rates

Broad index credit spreads remain below medians in most areas of the credit market

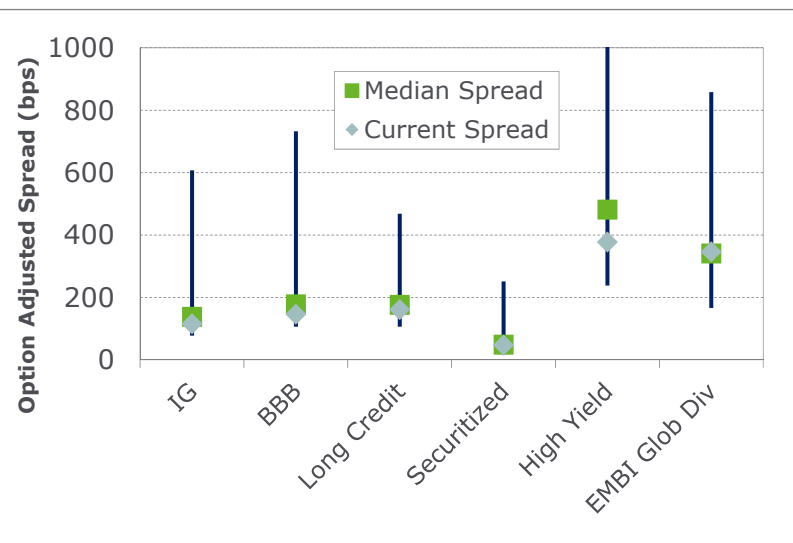
Credit Spread (Basis Points)	3/31/19	6/30/19	Δ
BC IG Credit	119	115	-4
BC Long Credit	172	161	-11
BC Securitized	37	47	10
BC High Yield	391	377	-14
Muni HY	238	258	20
JPM EMBI	351	346	-5
Bank Loans - Libor	355	383	29

Source: FactSet

QTD Credit Index Returns



Source: FactSet



Source: FactSet; Ranges calculated since 11/30/2000



REAL ASSETS PERFORMANCE OVERVIEW

Q2 Real Assets Market Summary

Spot gold prices increased 9.0% during the quarter as a result of escalating trade tensions and a weaker global economic outlook

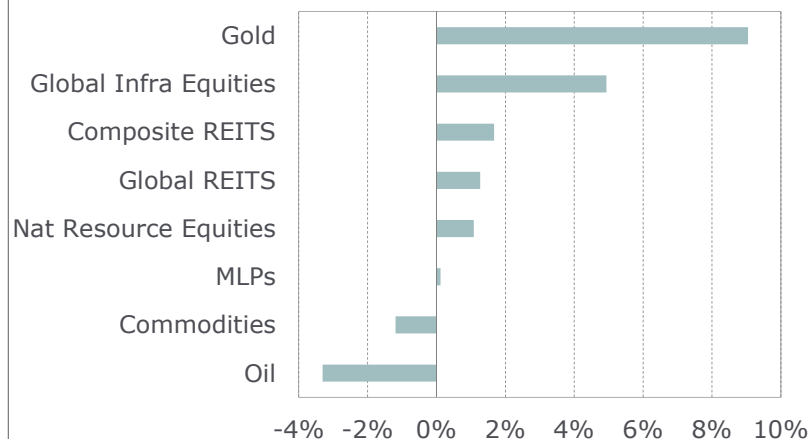
The US inflation outlook weakened to its lowest level since Q3 2016

Midstream equities continue to offer favorable yields with positive industry trends

Real Asset Yields	3/31/19	6/30/19
MLPs	7.0%	7.7%
Core Real Estate	4.5%	4.4%
Composite REITs	4.1%	4.2%
Global REITs	4.2%	4.2%
Global Infrastructure Equities	4.4%	4.3%
Natural Resource Equities	4.2%	4.2%
US 10-Year Breakeven Inflation	1.97%	1.69%
Commodity Index Roll Yield	-2.7%	-2.0%
10-Year TIPS Real Yield	0.5%	0.3%

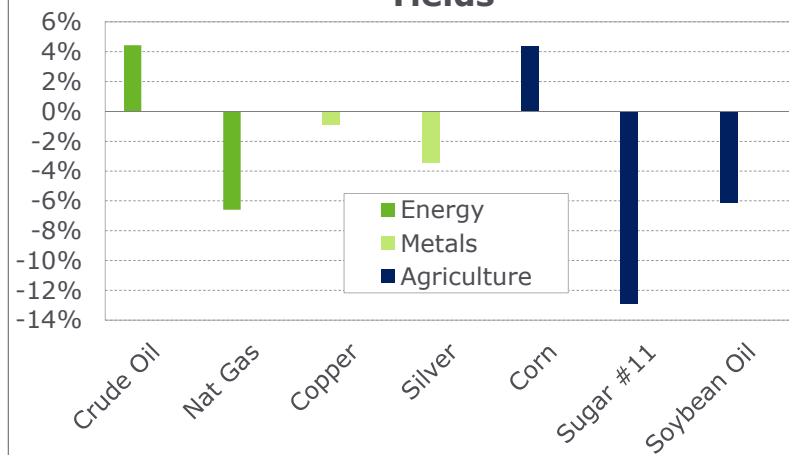
Source: FactSet

QTD Real Asset Index Returns



Source: FactSet

12-Month Commodity Future Roll Yields



Source: FactSet



KEY THEMES

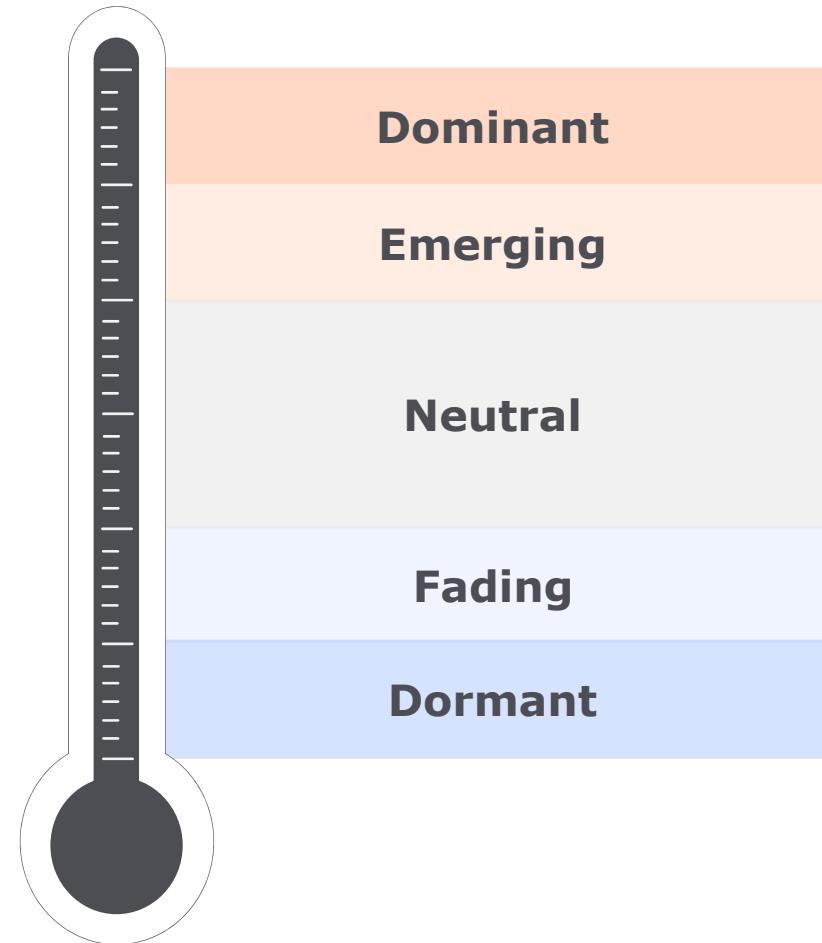
NEPC, LLC

KEY MARKET THEMES OVERVIEW

Thermometer

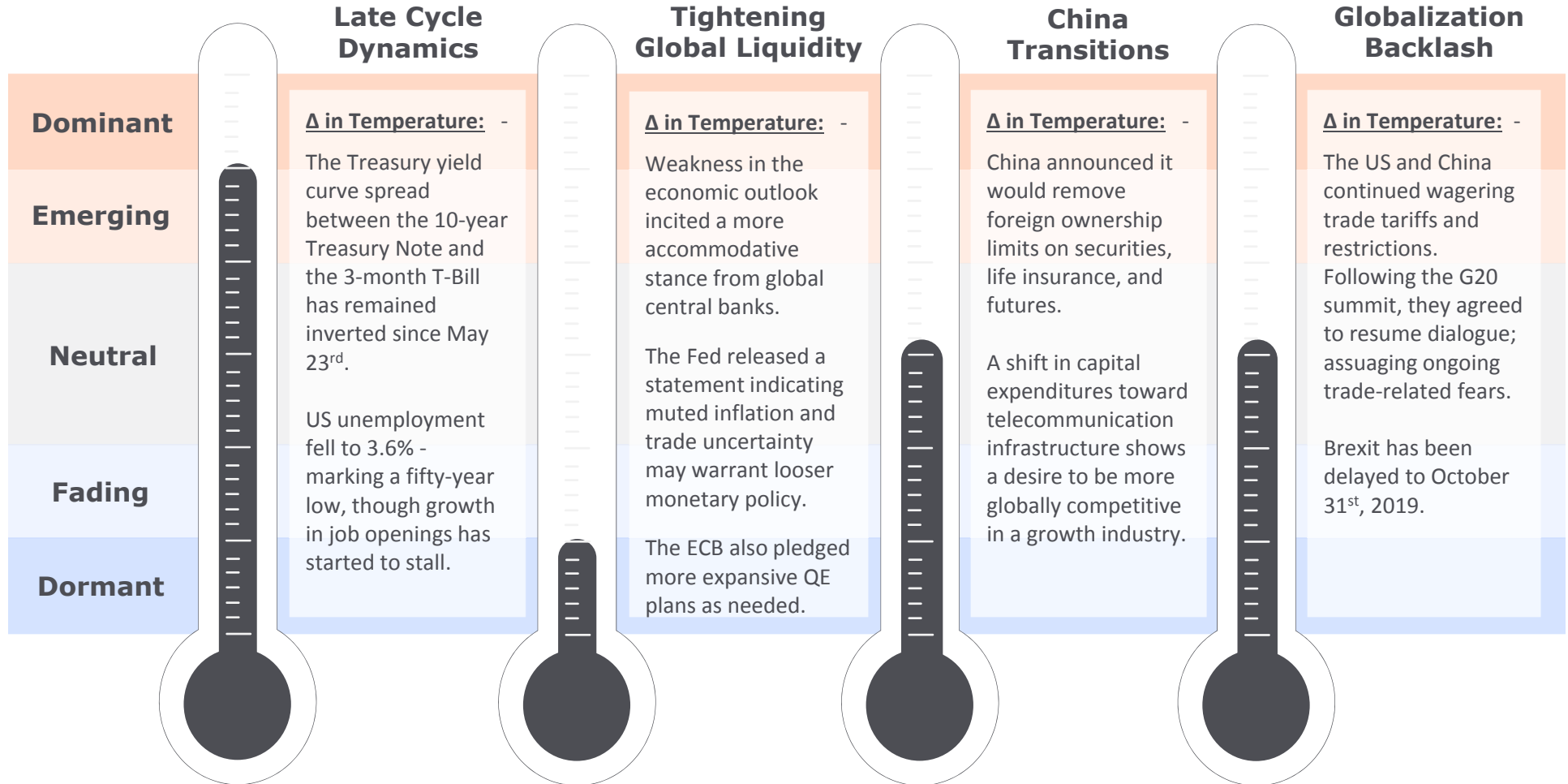
Each Key Market Theme is represented by a thermometer used to assess the current “temperature” of a theme. Themes may trend hotter or colder as market dynamics and underlying conditions change.

We expect temperatures to fluctuate as the theme’s activity level and influence on the market environment and asset pricing varies throughout its lifespan. Our intent is to use this as a communication tool, providing greater clarity on ongoing changes to the themes.



ASSESSING THE KEY MARKET THEMES

Current Temperature

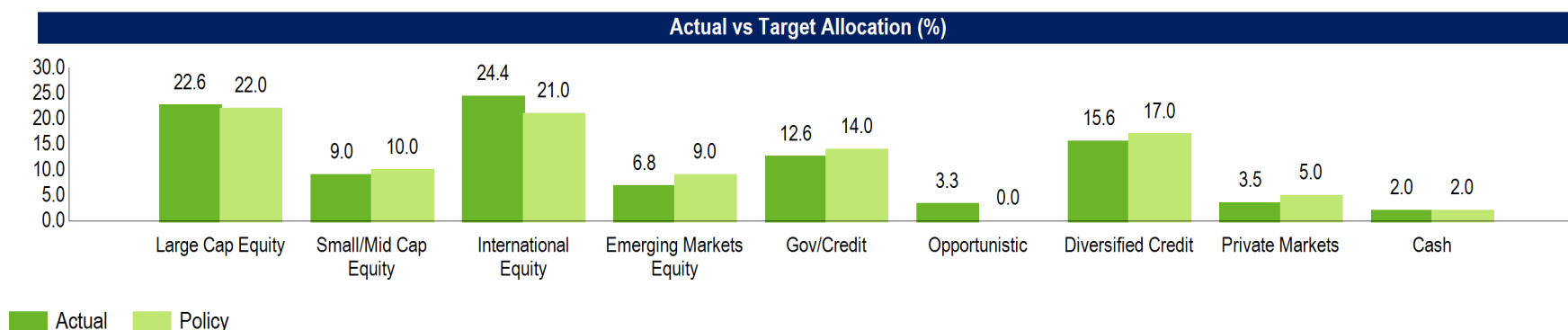


INVESTMENT PROGRAM REVIEW

NEPC, LLC

TOTAL FUND PERFORMANCE SUMMARY - GROSS

	Market Value	3 Mo	Rank	YTD	Rank	1 Yr	Rank	3 Yrs	Rank	5 Yrs	Rank	7 Yrs	Rank	10 Yrs	Rank
Composite	\$198,798,940	4.0%	7	14.1%	9	7.3%	13	10.6%	3	5.6%	40	7.6%	52	9.1%	33
Allocation Index		3.1%	41	12.2%	38	4.8%	76	8.3%	66	5.0%	58	7.0%	70	7.8%	75
Policy Index		3.0%	43	12.2%	38	5.4%	51	8.9%	43	5.3%	47	7.4%	60	8.2%	64
InvMetrics All Endowment \$50mm-\$250mm Gross Median		3.0%		11.6%		5.4%		8.7%		5.3%		7.6%		8.5%	



Total Fund Performance

- The Endowment returned 4.0% (gross of fees) during Q2 of 2019, ranking in the 7th percentile of the universe, outperforming both the allocation and the policy index
- Over the fiscal year, the Endowment returned 7.3% (gross of fees), ranking in the 13th percentile of the universe and outperforming both the allocation and policy index
- Over the ten year time horizon, the portfolio ranks in the top third of peers

Recent Decisions & Action Items

- Adopted updated asset allocation

Fiscal Year End: 6/30



GOALS & OBJECTIVES

Investment Return Objective

- **“The overall investment objective of the UUA, as manager of the UUCEF, is to increase the UUCEF’s asset value in order to maintain real purchasing power while allowing for regular endowment distributions. With the guiding lens of Unitarian Universalist values and principles, the Fund seeks to achieve consistent returns within a moderate risk tolerance over the long term, sufficient to allow UU Congregations to take regular distributions and maintain the value of principal after adjustment for inflation and after all expenses.”**

Risk Tolerance

Spending Draw	4.50%
Inflation	2.25%
Total Return Goal	6.75%

- **Time Horizon:** The time horizon of the portfolio is perpetuity and therefore we seek to balance continued growth with a moderate risk tolerance.
- **Liquidity Needs:** The cash flow needs of the portfolio are often known in advance and are managed throughout the year. The portfolio can withstand some illiquidity risk.
- **Capital Preservation:** While the portfolio can withstand drawdowns, a primary objective is to maintain real purchasing power while allowing for regular distributions.
- **Other Considerations:** The UUCEF shall be managed in a manner consistent with UU values as well as the achievement of return and risk objectives. The UUA is committed to an investment program which utilizes tools of socially responsible investment (SRI) to optimize the alignment of its financial assets with its values.



POLICY RANGES

- **The Committee approved asset allocation targets at the May meetings. Below are proposed ranges for those targets, which should be documented in the performance reporting and the Investment Policy Statement.**
 - We are seeking approval from the Committee for these ranges

New Policy Targets

Proposed Ranges

Domestic Equity Composite	32.0%	25-39%
<i>Large Cap Equity</i>	22.0%	17-27%
<i>Small/Mid Cap Equity</i>	10.0%	7-13%
International Equity Composite	30.0%	23-37%
<i>International Equity</i>	21.0%	16-26%
<i>Emerging Market Equity</i>	9.0%	6-12%
Fixed Income Composite	31.0%	24-38%
<i>High Quality Fixed Income</i>	14.0%	7-21%
<i>Flexible Fixed Income</i>	17.0%	10-24%
Opportunistic Investments	0.0%	0-10%
Private Markets	5.0%	0-10%
Community Development	1.0%	0-3%
Cash	1.0%	0-5%



DUE DILIGENCE MONITOR

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

Investment Options	Manager Changes/ Announcements (Recent Quarter)	NEPC Due Diligence Committee Recommendations
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**RBC Global Asset Management
Inc./RBC Gestion mondiale d'actifs
Inc.**

RBC Emerging Markets Equity

Loss of Personnel: EME Team Departure
1/2019

No Action

Investment Option	Commentary	NEPC Rating
RBC Global Asset Management Inc./RBC Gestion mondiale d'actifs Inc. <i>RBC Emerging Markets Equity</i>	NEPC Research was informed that Victor Ting has left the RBC Global Assets Management Emerging Markets Equity team as of January 25th, 2019. Mr. Ting is a Mandarin speaker that was hired last August as a junior analyst to assist with the team's China research. However, he turned out to not be a good fit for the team. They will be looking for a replacement with a better long-term fit. NEPC Research is comfortable with the departure and recommends NO ACTION.	1



DUE DILIGENCE MONITOR

NEPC Due Diligence Status 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.

NEPC Due Diligence Rating Key

1	A high conviction investment product. Product has a clear and economically-grounded investment thesis, and is managed by an investment team that is sufficiently resourced and incented to execute on the thesis.
2	NEPC has a positive view of the strategy. Strategy has a compelling and sound investment thesis. The manager is sufficiently resourced and incented to execute on the thesis. Strengths outweigh the weaknesses, but the strategy does not meet all requirements for a 1 rating.
3	A satisfactory investment product. The strategy lacks a compelling investment thesis, however there are no significant concerns around the manager's viability.
4	The strategy may have an unclear or ambiguous investment thesis or the manager may lack the ability to execute on the stated thesis. The strategy likely has strengths and weaknesses and the weaknesses may outweigh the strengths.
5	A strategy that lacks an investment thesis or NEPC has no confidence in the manager's ability to execute on the thesis, and/or the investment firm may not be viable. Serious issues have been identified with an investment manager or product. This rating aligns with a Terminate Due Diligence status for client-owned products.
NR	Due diligence has not been sufficiently completed on the product or manager.



TOTAL FUND SUMMARY

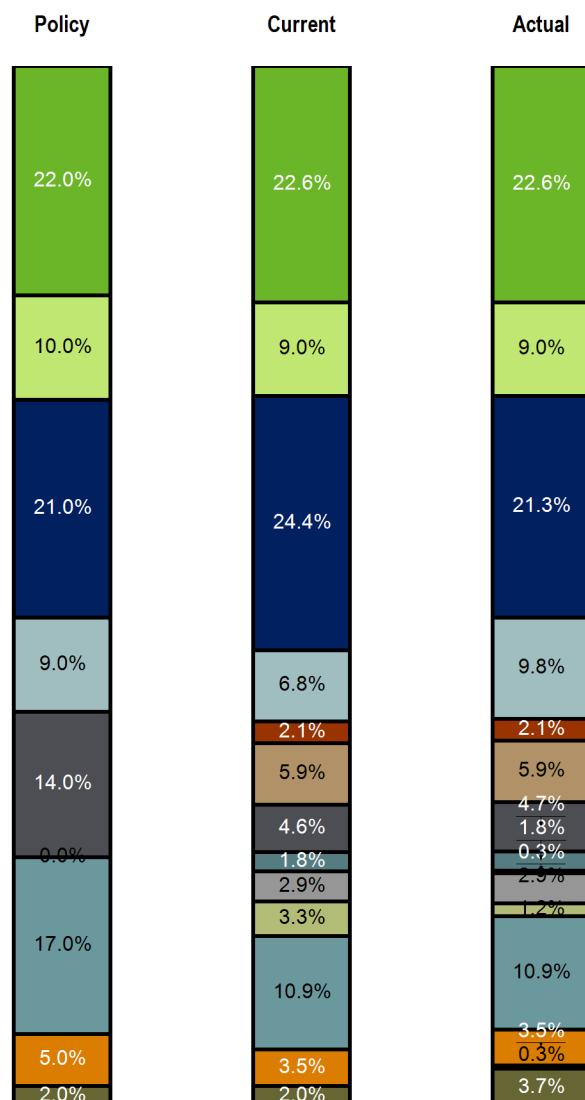
NEPC, LLC

TOTAL FUND ASSET GROWTH SUMMARY

	Quarter Ending June 30, 2019					Ending Market Value
	Beginning Market Value	Contributions	Withdrawals	Net Cash Flow	Net Investment Change	
Baxter Street	\$11,062,736	\$0	\$0	\$0	\$671,164	\$11,733,900
Boston Common	\$14,558,221	\$0	\$0	\$0	\$602,968	\$15,161,190
Brandywine Global Opportunistic	\$9,592,501	\$800,000	\$0	\$800,000	\$371,594	\$10,764,095
Breckinridge - Corporate	\$8,877,683	\$0	-\$526	-\$526	\$229,736	\$9,106,894
Breckinridge-Treasury	\$3,915,038	\$0	-\$233	-\$233	\$236,124	\$4,150,929
Brockton Capital Fund III	\$805,104	\$0	-\$8,222	-\$8,222	\$50,260	\$847,142
Canvas Distressed Credit Fund	\$557,958	\$200,000	\$0	\$200,000	-\$18,175	\$739,783
Cash Account	\$4,206,776	\$3,685,105	-\$5,634,145	-\$1,949,040	\$39,558	\$2,297,294
Cevian Capital II	--	\$6,224,124	\$0	\$6,224,124	-\$191,805	\$6,032,319
Cevian Capital II	\$5,797,292	\$0	-\$6,224,124	-\$6,224,124	\$426,832	--
Community Development	\$1,782,102	\$0	-\$86,861	-\$86,861	\$8,443	\$1,703,685
Entrust Class X	\$554,055	\$0	\$0	\$0	-\$3,663	\$550,392
FEG Private Opportunities Fund	\$1,563,364	\$0	-\$40,000	-\$40,000	\$24,917	\$1,548,281
Fidelity Short Term Bond Index Fund	--	\$11,750,000	\$0	\$11,750,000	\$42,341	\$11,792,341
Franklin Templeton GMS	\$5,661,798	\$0	\$0	\$0	\$82,479	\$5,744,277
Generation IM SS Fund III	--	\$254,712	\$0	\$254,712	\$0	\$254,712
GMO Benchmark Free Allocation Fund	\$19,558,629	\$0	-\$13,450,000	-\$13,450,000	-\$1,866	\$6,106,763
HCAP Partners IV LP	\$254,544	\$256,778	\$0	\$256,778	-\$58,030	\$453,292
Loomis Multi Sector	\$9,864,636	\$700,000	\$0	\$700,000	\$340,619	\$10,905,254
Loomis Sayles Strategic Alpha	\$3,596,018	\$0	-\$5,292	-\$5,292	\$59,979	\$3,650,705
MFS International Concentrated	\$14,379,988	\$0	\$0	\$0	\$1,228,515	\$15,608,503
OCP Orchard Landmark	\$2,287,573	\$0	\$0	\$0	\$42,864	\$2,330,437
RBC Global Emerging Equity	\$13,157,204	\$0	\$0	\$0	\$437,369	\$13,594,573
Rhumblin	\$21,152,240	\$0	-\$849	-\$849	\$891,990	\$22,043,381
Sands	\$22,067,341	\$0	-\$1,500	-\$1,500	\$883,967	\$22,949,808
SJF Ventures	\$690,076	\$0	-\$1,677	-\$1,677	\$63,049	\$751,448
WCM Investment Management	\$8,995,489	\$0	-\$535	-\$535	\$434,814	\$9,429,768
Wellington SMID	\$8,185,611	\$0	\$0	\$0	\$362,163	\$8,547,774
Total	\$193,123,977	\$23,870,719	-\$25,453,962	-\$1,583,244	\$7,258,207	\$198,798,940



TOTAL FUND ASSET ALLOCATION VS. POLICY



Asset Allocation vs. Target				
	Current	Policy	Current	Actual
Large Cap Equity	\$44,993,189	22.0%	22.6%	22.6%
Small/Mid Cap Equity	\$17,977,542	10.0%	9.0%	9.0%
International Equity	\$48,535,911	21.0%	24.4%	21.3%
Emerging Markets Equity	\$13,594,573	9.0%	6.8%	9.8%
Long Treasury	\$4,150,929	--	2.1%	2.1%
Short Duration Bonds	\$11,792,341	--	5.9%	5.9%
Gov/Credit	\$9,106,894	14.0%	4.6%	4.6%
Unconstrained Bonds	\$3,650,705	--	1.8%	1.8%
Emerging Market Debt	--	--	--	0.3%
Opportunistic Fixed Income	\$5,744,277	--	2.9%	2.9%
Opportunistic	\$6,657,155	0.0%	3.3%	1.2%
Diversified Credit	\$21,669,349	17.0%	10.9%	11.0%
Private Markets	\$6,925,095	5.0%	3.5%	3.5%
Real Assets	--	--	--	0.3%
Cash	\$4,000,979	2.0%	2.0%	3.7%
Total	\$198,798,940	100.0%	100.0%	100.0%

Cash allocation includes community development.

- On a look through basis, Domestic Equity is 31.6% of the fund, International Equity is 21.3% of the fund, and Emerging Market Equity is 9.8% of the fund.

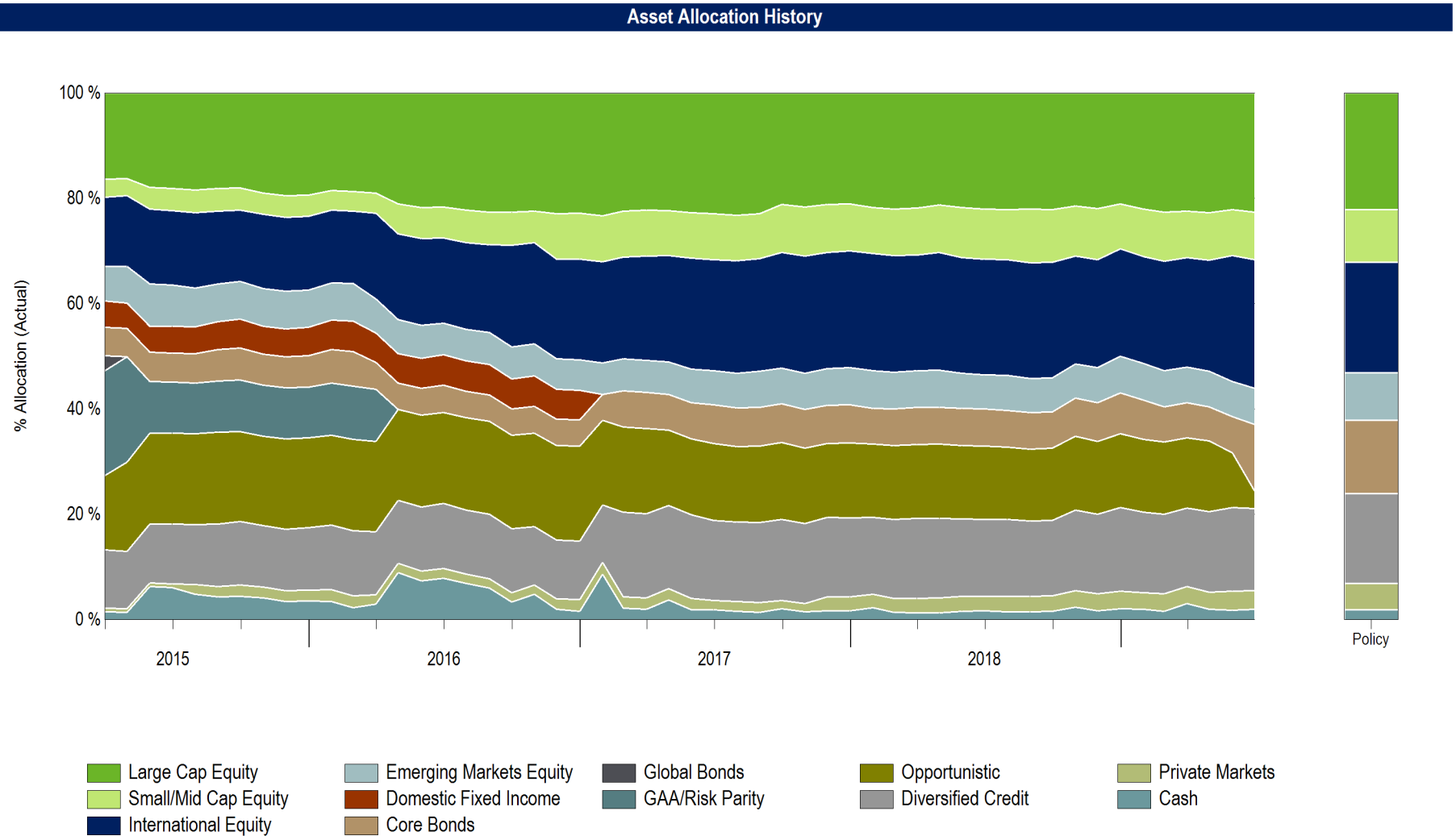
- Within the Opportunistic allocation, dedicated Hedge Fund exposure is 0.3%, GMO has an Absolute Return allocation in their fund, increasing hedge fund exposure to 1.2%.

- Overall Fixed Income exposure is 28.7%

Actual allocation breaks out the exposure in MFS, Boston Common, Baxter Street, and GMO

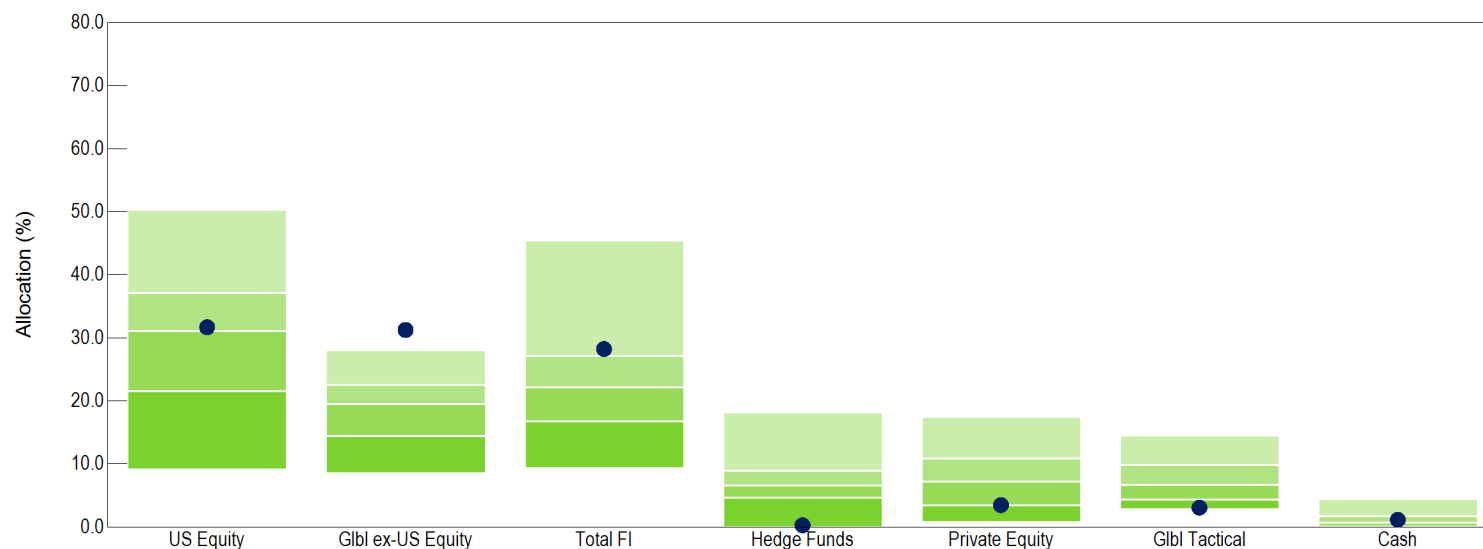


TOTAL FUND ASSET ALLOCATION HISTORY



TOTAL FUND ALLOCATIONS VS. PEER UNIVERSE

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



	Allocation (Rank)													
5th Percentile	50.3	28.0	45.4	18.2	17.4	14.6	4.5							
25th Percentile	37.2	22.6	27.2	9.1	11.0	10.0	1.8							
Median	31.2	19.6	22.3	6.7	7.3	6.8	0.8							
75th Percentile	21.6	14.5	16.9	4.8	3.5	4.5	0.2							
95th Percentile	9.3	8.6	9.4	0.1	0.9	3.0	0.0							
# of Portfolios	54	62	71	40	40	17	64							
• Composite	31.7 (48)	31.3 (2)	28.2 (23)	0.3 (93)	3.5 (76)	3.1 (88)	1.2 (35)							

UUA Net Asset Allocation

31.6	31.1	28.7	1.2	3.5	3.1	2.1
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Above analytic does not include Community Development, whereas UUA Net Asset Allocation does.



TOTAL FUND PERFORMANCE DETAIL - NET

	Market Value (\$)	% of Portfolio	Policy %	3 Mo (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	7 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
Composite	198,798,940	100.0	100.0	3.7	13.4	6.0	9.4	4.5	6.5	7.9	6.2	Jul-02
Allocation Index				3.1	12.2	4.8	8.3	5.0	7.0	7.8	6.7	Jul-02
Policy Index				3.1	12.2	5.4	8.9	5.3	7.4	8.2	--	Jul-02
Domestic Equity Composite	62,970,731	31.7	32.0	4.1	21.1	8.7	16.5	10.3	14.2	16.7	10.5	Jul-02
Russell 3000				4.1	18.7	9.0	14.0	10.2	13.8	14.7	9.0	Jul-02
Large Cap Equity	44,993,189	22.6	22.0	4.0	21.8	11.1	17.9	11.4	14.9	--	--	
Russell 1000				4.2	18.8	10.0	14.1	10.5	14.0	14.8	--	
Rhumblin	22,043,381	11.1		4.2	17.1	10.7	12.2	8.9	12.9	13.9	7.6	Aug-05
Russell 1000 Value				3.8	16.2	8.5	10.2	7.5	12.1	13.2	7.2	Aug-05
Sands	22,949,808	11.5		3.8	26.8	11.6	23.7	13.7	16.6	19.8	12.5	Dec-03
Russell 1000 Growth				4.6	21.5	11.6	18.1	13.4	15.8	16.3	9.9	Dec-03
Small/Mid Cap Equity	17,977,542	9.0	10.0	4.5	18.1	2.1	8.3	--	--	--	--	
Russell 2000				2.1	17.0	-3.3	12.3	7.1	11.6	13.4	--	
Wellington SMID	8,547,774	4.3		4.2	15.9	0.1	7.6	--	--	--	7.7	Apr-16
Russell 2500 Value				1.9	15.3	-1.9	9.0	5.5	11.0	13.3	9.7	Apr-16
WCM Investment Management	9,429,768	4.7		4.8	--	--	--	--	--	--	9.1	Feb-19
Russell 2000 Growth				2.7	20.4	-0.5	14.7	8.6	12.9	14.4	7.9	Feb-19
International Equity Composite	62,130,484	31.3	30.0	5.0	16.8	6.8	11.3	3.4	6.5	6.0	6.0	Jul-02
MSCI ACWI ex USA				3.0	13.6	1.3	9.4	2.2	6.4	6.5	6.6	Jul-02
International Equity	48,535,911	24.4	21.0	5.5	18.0	6.0	11.8	4.0	7.7	--	--	
MSCI EAFE				3.7	14.0	1.1	9.1	2.2	7.3	6.9	--	
MFS International Concentrated	15,608,503	7.9		8.3	20.2	9.0	14.4	5.7	--	--	7.2	Apr-13
MSCI EAFE				3.7	14.0	1.1	9.1	2.2	7.3	6.9	5.1	Apr-13
Boston Common	15,161,190	7.6		4.1	14.2	0.4	8.8	2.8	7.0	--	5.3	May-10
MSCI EAFE				3.7	14.0	1.1	9.1	2.2	7.3	6.9	5.3	May-10
Baxter Street	11,733,900	5.9		6.1	23.0	12.2	13.8	--	--	--	12.3	Apr-16
MSCI ACWI ex USA				3.0	13.6	1.3	9.4	2.2	6.4	6.5	8.4	Apr-16
Cevian Capital II	6,032,319	3.0		4.1	10.5	-4.4	10.1	--	--	--	-3.1	May-19
HFRX Event Driven Index				1.7	2.5	-5.2	1.2	-1.7	1.6	1.8	1.2	May-19
MSCI EAFE				3.7	14.0	1.1	9.1	2.2	7.3	6.9	0.8	May-19
Emerging Market Equity	13,594,573	6.8	9.0	3.3	13.0	9.5	10.0	--	--	--	--	
MSCI Emerging Markets				0.6	10.6	1.2	10.7	2.5	4.2	5.8	--	
RBC Global Emerging Equity	13,594,573	6.8		3.3	13.0	9.5	9.7	--	--	--	9.7	Jul-16
MSCI Emerging Markets				0.6	10.6	1.2	10.7	2.5	4.2	5.8	10.7	Jul-16



TOTAL FUND PERFORMANCE DETAIL - NET

	Market Value (\$)	% of Portfolio	Policy %	3 Mo (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	7 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
Fixed Income Composite	56,114,495	28.2	31.0	2.8	6.0	6.3	3.2	2.5	3.2	5.3	4.4	Jul-02
BBgBarc US Aggregate TR				3.1	6.1	7.9	2.3	2.9	2.6	3.9	4.4	Jul-02
High Quality Fixed Income	25,050,164	12.6	14.0	3.4	6.8	8.5	2.9	--	--	--	--	
BBgBarc US Aggregate TR				3.1	6.1	7.9	2.3	2.9	2.6	3.9	--	
Breckinridge-Treasury	4,150,929	2.1		6.0	10.9	12.2	--	--	--	--	6.0	Mar-17
BBgBarc US Treasury Long TR				6.0	11.0	12.3	1.3	5.7	3.7	6.5	6.6	Mar-17
Breckinridge - Corporate	9,106,894	4.6		2.5	5.3	7.2	2.1	--	--	--	2.7	Nov-14
BBgBarc US Govt/Credit Int TR				2.6	5.0	6.9	2.0	2.4	2.2	3.2	2.4	Nov-14
Fidelity Short Term Bond Index Fund	11,792,341	5.9										
BBgBarc US Treasury 1-5 Yr TR				1.9	3.1	5.0	1.3	1.5	1.2	1.7	--	Jul-19
Flexible Fixed Income	31,064,332	15.6	17.0	2.7	5.9	5.5	3.8	2.6	--	--	--	
BBgBarc US Aggregate TR				3.1	6.1	7.9	2.3	2.9	2.6	3.9	--	
Brandywine Global Opportunistic	10,764,095	5.4		3.4	6.7	4.4	--	--	--	--	4.1	Mar-17
FTSE WGBI TR				3.6	5.4	5.5	1.0	0.8	0.9	2.2	4.5	Mar-17
Loomis Multi Sector	10,905,254	5.5		3.1	7.6	7.7	--	--	--	--	4.8	Mar-17
BBgBarc US Govt/Credit TR				3.5	6.9	8.5	2.4	3.1	2.7	4.1	4.0	Mar-17
Franklin Templeton GMS	5,744,277	2.9		1.3	2.9	5.1	--	--	--	--	1.4	Mar-17
BBgBarc Multiverse				3.3	5.8	6.0	1.9	1.3	1.8	3.1	4.4	Mar-17
Loomis Sayles Strategic Alpha	3,650,705	1.8		1.5	3.5	3.0	3.2	--	--	--	2.2	Aug-14
BBgBarc US Aggregate TR				3.1	6.1	7.9	2.3	2.9	2.6	3.9	3.1	Aug-14
3-Month LIBOR + 3%				1.4	2.8	5.7	4.9	4.3	4.0	3.8	4.3	Aug-14
Opportunistic Investments	6,657,155	3.3	0.0-10.0	4.0	9.7	3.0	6.2	1.9	4.0	--	--	Jan-08
CPI + 5% (Unadjusted)				2.0	4.5	6.7	7.1	6.5	6.7	6.8	6.8	Jan-08
GMO Benchmark Free Allocation Fund	6,106,763	3.1		3.0	8.7	4.5	6.0	2.2	4.4	5.9	4.1	Jan-08
65% MSCI ACWI (Net) / 35% BBgBarc Aggregate				3.5	12.8	6.8	8.4	5.2	7.4	8.2	4.7	Jan-08
CPI + 5% (Unadjusted)				2.0	4.5	6.7	7.1	6.5	6.7	6.8	6.8	Jan-08
Entrust Class X	550,392	0.3		-0.7	-3.2	-4.8	--	--	--	--	-4.1	Jan-17



TOTAL FUND PERFORMANCE DETAIL - NET

	Market Value (\$)	% of Portfolio	Policy %	3 Mo (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	7 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
Private Markets	6,925,095	3.5	5.0	1.6	4.7	6.9	10.2	8.6	--	--	8.4	May-14
Private Markets Custom Benchmark				0.4	6.3	7.3	14.8	11.5	--	--	12.5	May-14
OCP Orchard Landmark	2,330,437	1.2		1.9	4.0	7.6	--	--	--	--	9.6	Nov-17
JP Morgan Corporate EMBI Broad TR USD				3.5	8.9	10.7	5.8	4.9	5.3	7.2	4.6	Nov-17
FEG Private Opportunities Fund	1,548,281	0.8										
Brockton Capital Fund III	847,142	0.4										
SJF Ventures	751,448	0.4										
Canvas Distressed Credit Fund	739,783	0.4										
HCAP Partners IV LP	453,292	0.2										
Generation IM SS Fund III	254,712	0.1										
Community Development	1,703,685	0.9	1.0	0.5	1.1	1.6	1.3	1.2	1.3	1.5	1.7	Jul-07
91 Day T-Bills				0.6	1.2	2.3	1.4	0.9	0.6	0.5	0.7	Jul-07
Cash and Other	2,297,294	1.2	1.0									

- Fiscal Year End: 6/30
- Cevian Capital II is included in the International Equity composite as of 5/1/2019.
- OCP Orchard performance is reported on a one month lag.
- 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 75% Cambridge Associates US Private Equity Index & 25% Credit Suisse Leveraged Loan Index as of 9/1/2018. The benchmark consisted of Cambridge Associates Global All Private Equity Vintage Year 2013+ 1 Qtr Lag benchmark prior to 9/1/2018 and Cambridge Associates US Private Equity Index prior to 4/1/2015.
- Private equity is valued on a quarterly basis and updated as statements are received.
- Cash Market Value includes \$784,896 adjustment for pending capital additions into the UUA Endowment Fund. Cash and Other composite includes UUA SRI account.
- Net returns for the UUCEF Composite incorporates both investment management fees and UUA administrative fees/expenses.



Unitarian Universalist Common Endowment Fund, LLC

ANALYSIS BY FUND

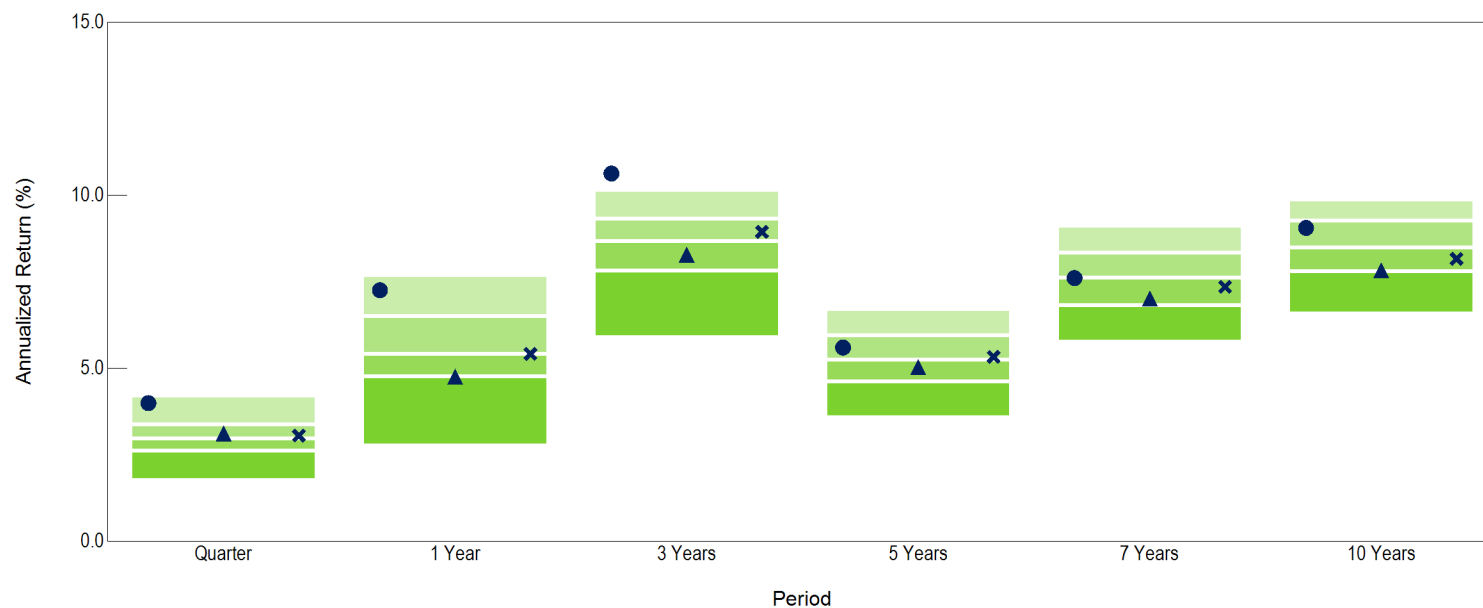
Investments		Commitments		Contributions & Distributions			Valuations			Performance		
Investment Name	Vintage Year	Commitment	Unfunded Commitment	Paid In Capital	Additional Fees	Cumulative Distributions	Valuation	Total Value	Net Benefit	DPI	TVPI	IRR
Private Debt												
Canvas Distressed Credit Fund, L.P.	2018	\$2,000,000	\$1,444,163	\$555,837	\$17,561	\$0	\$537,791	\$537,791	-\$35,607	0.00	0.94	-6.62%
Total Private Debt		\$2,000,000	\$1,444,163	\$555,837	\$17,561	\$0	\$537,791	\$537,791	-\$35,607	0.00	0.94	-6.62%
Private Equity												
FEG Private Opportunities Fund, L.P.	2012	\$2,000,000	\$103,000	\$1,897,000	\$2,707	\$1,032,647	\$1,588,281	\$2,620,928	\$721,221	0.54	1.38	8.81%
Generation IM Sustainable Solutions Fund III (A), L.P.	2019	\$2,000,000	\$2,000,000	\$0	\$0	\$0	\$0	\$0	\$0			
HCAP Partners IV, L.P.	2019	\$2,000,000	\$1,756,437	\$243,563	\$10,981	\$0	\$196,514	\$196,514	-\$58,030	0.00	0.77	-22.80%
SJF Ventures IV, L.P.	2016	\$2,500,000	\$1,750,000	\$750,000	\$0	\$0	\$751,448	\$751,448	\$1,448	0.00	1.00	0.15%
Total Private Equity		\$8,500,000	\$5,609,437	\$2,890,563	\$13,688	\$1,032,647	\$2,536,243	\$3,568,890	\$664,639	0.36	1.23	7.43%
Real Estate												
Brockton Capital Fund III, L.P.	2015	\$4,470,794	\$1,540,146	\$2,930,648	\$16,095	\$2,542,949	\$849,967	\$3,392,916	\$446,173	0.86	1.15	8.17%
Total Real Estate		\$4,470,794	\$1,540,146	\$2,930,648	\$16,095	\$2,542,949	\$849,967	\$3,392,916	\$446,173	0.86	1.15	8.17%
Total		\$14,970,794	\$8,593,746	\$6,377,048	\$47,344	\$3,575,596	\$3,924,001	\$7,499,598	\$1,075,205	0.56	1.17	7.31%

- **Commitment Amount** – The amount an investor has committed to invest with the General Partner
- **Unfunded Commitment** – The remaining amount an investor contractually has left to fund its commitment
- **Paid In Capital** – The amount an investor has contributed for investments and management fee
- **Additional Fees** – Fees that are outside the capital commitment, also includes interest paid/received due from subsequent closings of the fund
- **Cumulative Distributions** – The amount an investor has received from realized and partially realized investment
- **Valuation** – Sum of the fair market value of all investments plus cash
- **Total Value** – Calculated by adding Amount Distributed and Reported Value. Represents the total amount an investor should expect to receive from their investments
- **Net Benefit** – Calculated by subtracting Total Value by Capital to be Funded plus Additional Fee
- **DPI Ratio** - Calculated by dividing Amount Distributed by Amount Funded
- **Total Value to Paid In Capital Ratio** – Calculated by dividing Total Value by Amount Funded. Represents the multiple of the overall cash invested that an investor is expected to receive
- **IRR** - The calculation of the IRR (Internal Rate of Return) takes into consideration the timing of cash contributions and distributions to and from the partnerships, the length of time the investments have been held and the sum of the Reported Value



TOTAL FUND RETURN VS PEER UNIVERSE - GROSS

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



	Return (Rank)											
5th Percentile	4.2		7.7		10.1		6.7		9.1		9.9	
25th Percentile	3.4		6.5		9.3		6.0		8.3		9.3	
Median	3.0		5.4		8.7		5.3		7.6		8.5	
75th Percentile	2.6		4.8		7.8		4.6		6.8		7.8	
95th Percentile	1.8		2.8		5.9		3.6		5.8		6.6	
# of Portfolios	107		107		99		90		75		69	
● Composite	4.0	(7)	7.3	(13)	10.6	(3)	5.6	(40)	7.6	(52)	9.1	(33)
▲ Allocation Index	3.1	(41)	4.8	(76)	8.3	(66)	5.0	(58)	7.0	(70)	7.8	(75)
x Policy Index	3.0	(43)	5.4	(51)	8.9	(43)	5.3	(47)	7.4	(60)	8.2	(64)

TOTAL FUND RETURN VS PEER UNIVERSE - GROSS

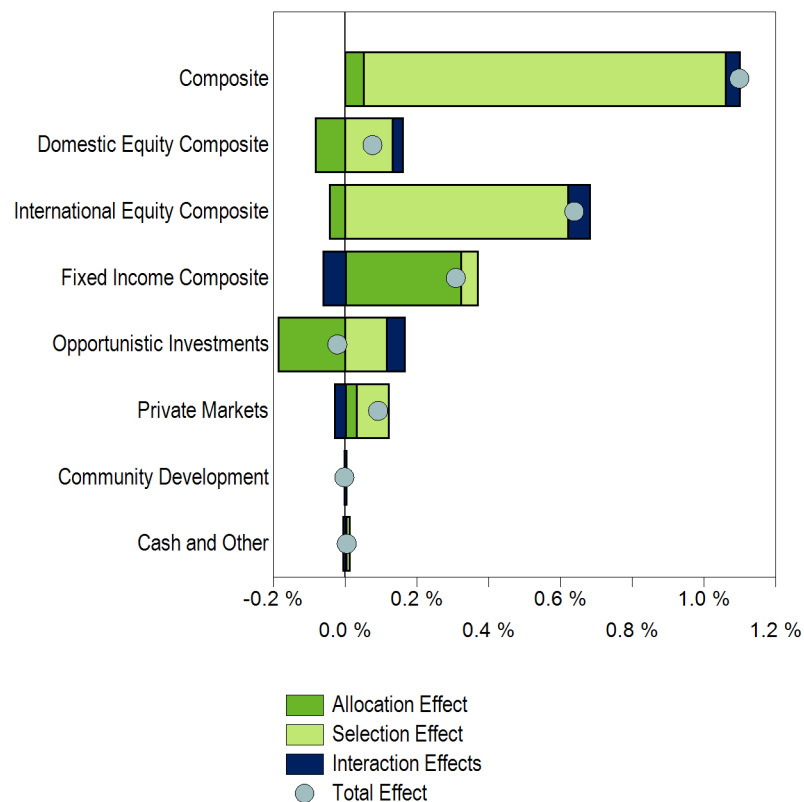
Composite vs. InvMetrics All Endowment \$50mm-\$250mm Gross



	Return (Rank)									
5th Percentile	-1.3	18.4	10.1	0.9	7.5	19.9	14.6	3.6	14.6	27.6
25th Percentile	-3.9	17.0	8.3	-0.3	5.5	16.9	13.4	1.3	13.7	24.1
Median	-4.9	15.3	6.9	-1.5	4.4	15.2	12.5	-0.6	12.5	21.6
75th Percentile	-6.2	14.2	5.7	-2.3	3.6	12.2	11.7	-1.5	11.2	17.3
95th Percentile	-7.1	11.9	2.8	-3.9	2.0	8.4	9.4	-3.6	8.8	11.6
# of Portfolios	108	76	79	80	90	81	83	82	77	75
● Composite	-4.0 (27)	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)
▲ Allocation Index	-7.0 (94)	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)
× Policy Index	-5.6 (65)	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)

TOTAL FUND ATTRIBUTION ANALYSIS - GROSS

Attribution Effects
3 Months Ending June 30, 2019

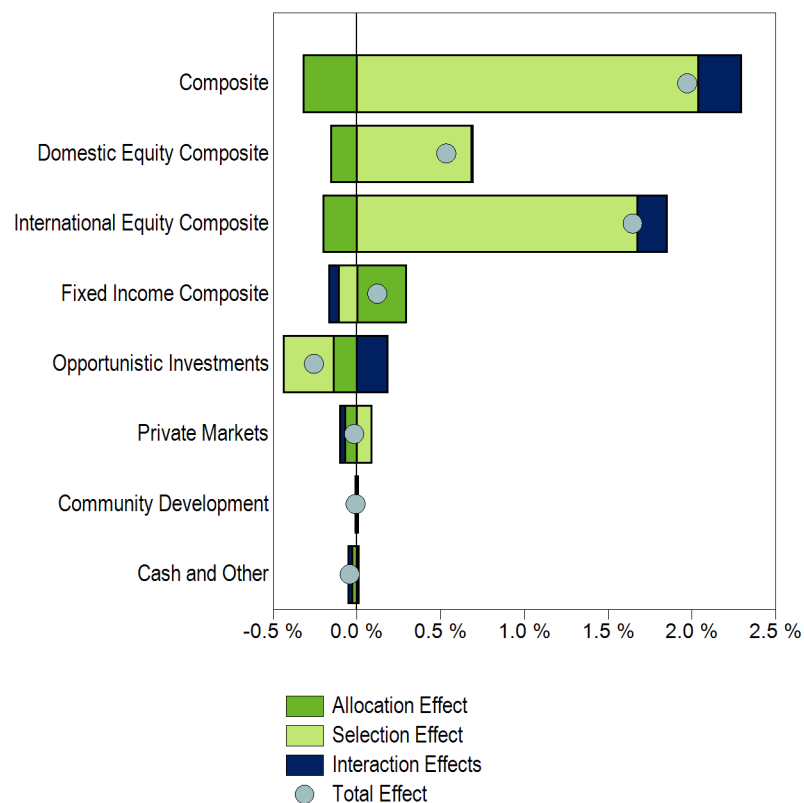


Attribution Summary
3 Months Ending June 30, 2019

	Policy Weight	Wtd. Actual Return	Wtd. Index Return	Excess Return	Selection Effect	Allocation Effect	Interaction Effects	Total Effects
Domestic Equity Composite	29.0%	4.3%	3.7%	0.6%	0.1%	0.0%	0.0%	0.1%
International Equity Composite	25.0%	5.3%	2.8%	2.5%	0.6%	-0.1%	0.1%	0.6%
Fixed Income Composite	20.0%	2.9%	3.0%	-0.1%	0.0%	0.2%	0.0%	0.2%
Opportunistic Investments	20.0%	4.2%	2.8%	1.4%	0.1%	-0.1%	0.0%	0.0%
Private Markets	5.0%	2.1%	0.4%	1.7%	0.1%	0.0%	0.0%	0.1%
Community Development	1.0%	0.5%	0.6%	-0.1%	0.0%	0.0%	0.0%	0.0%
Cash and Other	0.0%	0.2%	0.6%	-0.3%	0.0%	-0.1%	0.0%	-0.1%
Total	100.0%	4.0%	3.1%	1.0%	1.0%	-0.1%	0.0%	1.0%

TOTAL FUND ATTRIBUTION ANALYSIS - GROSS

Attribution Effects
1 Year Ending June 30, 2019



Attribution Summary
1 Year Ending June 30, 2019

	Policy Weight	Wtd. Actual Return	Wtd. Index Return	Excess Return	Selection Effect	Allocation Effect	Interaction Effects	Total Effects
Domestic Equity Composite	29.0%	9.2%	6.9%	2.3%	0.7%	-0.1%	0.0%	0.6%
International Equity Composite	25.0%	7.8%	1.2%	6.6%	1.7%	-0.2%	0.2%	1.6%
Fixed Income Composite	20.0%	6.9%	7.7%	-0.8%	-0.1%	0.1%	0.0%	0.0%
Opportunistic Investments	20.0%	3.7%	4.3%	-0.6%	-0.3%	-0.1%	0.1%	-0.2%
Private Markets	5.0%	9.3%	7.3%	2.1%	0.1%	-0.1%	0.0%	0.0%
Community Development	1.0%	1.6%	2.3%	-0.7%	0.0%	0.0%	0.0%	0.0%
Cash and Other	0.0%	0.0%	2.3%	-2.2%	0.0%	0.0%	0.0%	-0.1%
Total	100.0%	7.3%	5.4%	1.9%	2.0%	-0.4%	0.2%	1.9%

TOTAL FUND RISK STATISTICS

	3 Years Ending June 30, 2019								
	% of Tot	Anlzd Ret	Rank	Anlzd Std Dev	Rank	Sharpe Ratio	Rank	Info Ratio	Rank
Composite	100.00%	10.63%	3	8.12%	88	1.14	32	1.73	4
Allocation Index	--	8.28%	66	7.79%	73	0.88	85	--	--
Domestic Equity Composite	31.68%	17.15%	19	13.92%	52	1.13	21	0.82	15
Russell 3000	--	14.02%	41	12.53%	30	1.01	35	--	--
Large Cap Equity	22.63%	18.49%	--	13.59%	--	1.26	--	0.99	--
Russell 1000	--	14.15%	--	12.32%	--	1.04	--	--	--
Small/Mid Cap Equity	9.04%	9.21%	--	15.93%	--	0.49	--	-0.80	--
Russell 2000	--	12.30%	--	17.11%	--	0.64	--	--	--
International Equity Composite	31.25%	12.27%	20	11.06%	14	0.98	8	1.13	6
MSCI ACWI ex USA	--	9.39%	64	11.40%	24	0.70	54	--	--
International Equity	24.41%	12.74%	--	11.07%	--	1.02	--	1.31	--
MSCI EAFE	--	9.11%	--	11.08%	--	0.70	--	--	--
Emerging Market Equity	6.84%	10.82%	--	12.53%	--	0.75	--	0.04	--
MSCI Emerging Markets	--	10.66%	--	13.86%	--	0.67	--	--	--
Fixed Income Composite	28.23%	3.68%	53	2.75%	24	0.83	44	0.52	50
BBgBarc US Aggregate TR	--	2.31%	75	3.03%	29	0.30	69	--	--
High Quality Fixed Income	12.60%	3.26%	--	3.70%	--	0.50	--	0.76	--
BBgBarc US Aggregate TR	--	2.31%	--	3.03%	--	0.30	--	--	--
Flexible Fixed Income	15.63%	4.42%	--	3.54%	--	0.85	--	0.49	--
BBgBarc US Aggregate TR	--	2.31%	--	3.03%	--	0.30	--	--	--
Opportunistic Investments	3.35%	7.04%	--	6.57%	--	0.86	--	-0.02	--
CPI + 5% (Unadjusted)	--	7.14%	--	0.84%	--	6.83	--	--	--
Private Markets	3.48%	13.40%	--	4.77%	--	2.51	--	-0.16	--
Private Markets Custom Benchmark	--	14.83%	--	7.14%	--	1.88	--	--	--
Real Estate	--	--	--	--	--	--	--	--	--
NCREIF ODCE	--	7.57%	--	3.12%	--	1.97	--	--	--
Community Development	0.86%	1.34%	--	0.32%	--	-0.20	--	-0.18	--
91 Day T-Bills	--	1.40%	--	0.22%	--	0.00	--	--	--
Cash and Other	1.16%	1.67%	--	2.38%	--	0.11	--	0.11	--
91 Day T-Bills	--	1.40%	--	0.22%	--	0.00	--	--	--

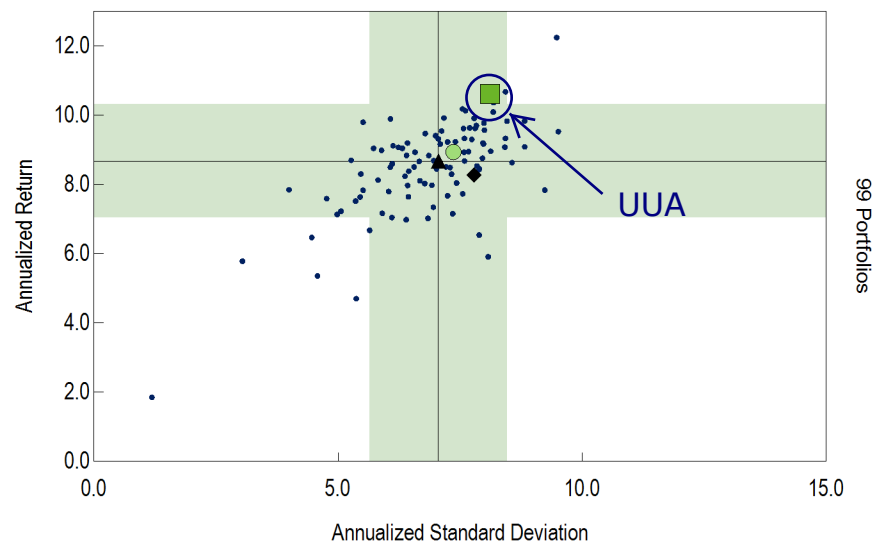


TOTAL FUND RISK STATISTICS

	5 Years Ending June 30, 2019								
	% of Tot	Anlzd Ret	Rank	Anlzd Std Dev	Rank	Sharpe Ratio	Rank	Info Ratio	Rank
Composite	100.00%	5.60%	40	8.05%	81	0.59	62	0.41	31
Allocation Index	--	5.03%	58	7.60%	63	0.55	71	--	--
Domestic Equity Composite	31.68%	10.91%	27	13.75%	52	0.73	36	0.20	27
Russell 3000	--	10.19%	38	12.33%	27	0.76	32	--	--
Large Cap Equity	22.63%	11.92%	--	13.68%	--	0.81	--	0.36	--
Russell 1000	--	10.45%	--	12.14%	--	0.79	--	--	--
Small/Mid Cap Equity	9.04%	--	--	--	--	--	--	--	--
Russell 2000	--	7.06%	--	16.63%	--	0.37	--	--	--
International Equity Composite	31.25%	4.22%	44	12.30%	28	0.27	42	0.85	18
MSCI ACWI ex USA	--	2.16%	77	12.55%	44	0.10	78	--	--
International Equity	24.41%	4.90%	--	12.19%	--	0.33	--	1.04	--
MSCI EAFE	--	2.25%	--	12.28%	--	0.11	--	--	--
Emerging Market Equity	6.84%	--	--	--	--	--	--	--	--
MSCI Emerging Markets	--	2.49%	--	15.78%	--	0.10	--	--	--
Fixed Income Composite	28.23%	3.00%	47	2.50%	13	0.85	32	0.02	47
BBgBarc US Aggregate TR	--	2.95%	48	2.94%	20	0.71	40	--	--
High Quality Fixed Income	12.60%	--	--	--	--	--	--	--	--
BBgBarc US Aggregate TR	--	2.95%	--	2.94%	--	0.71	--	--	--
Flexible Fixed Income	15.63%	3.14%	--	3.21%	--	0.71	--	0.05	--
BBgBarc US Aggregate TR	--	2.95%	--	2.94%	--	0.71	--	--	--
Opportunistic Investments	3.35%	2.65%	--	6.97%	--	0.25	--	-0.56	--
CPI + 5% (Unadjusted)	--	6.52%	--	1.01%	--	5.57	--	--	--
Private Markets	3.48%	10.88%	--	4.87%	--	2.06	--	-0.09	--
Private Markets Custom Benchmark	--	11.51%	--	5.97%	--	1.78	--	--	--
Real Estate	--	--	--	--	--	--	--	--	--
NCREIF ODCE	--	9.75%	--	4.19%	--	2.12	--	--	--
Community Development	0.86%	1.21%	--	0.28%	--	1.20	--	1.01	--
91 Day T-Bills	--	0.87%	--	0.25%	--	0.00	--	--	--
Cash and Other	1.16%	1.02%	--	1.90%	--	0.08	--	0.08	--
91 Day T-Bills	--	0.87%	--	0.25%	--	0.00	--	--	--

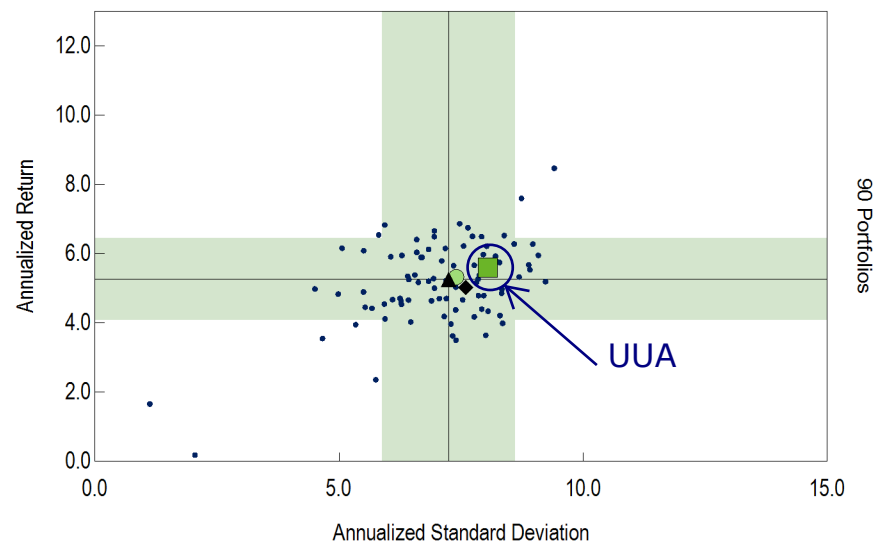
TOTAL FUND RISK/RETURN - GROSS

3 Years Ending June 30, 2019



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

5 Years Ending June 30, 2019



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

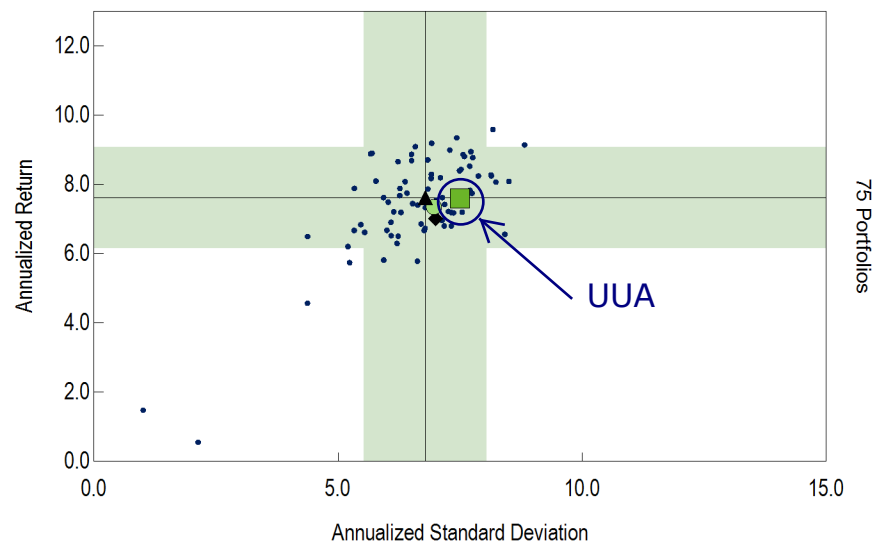
3 Years Ending June 30, 2019								
	Anlzd Ret	Rank	Anlzd Std Dev	Rank	Sharpe Ratio	Rank	Info Ratio	Rank
Composite	10.63%	3	8.12%	88	1.14	32	1.73	4
Allocation Index	8.28%	66	7.79%	73	0.88	85	--	--
Policy Index	8.94%	43	7.37%	60	1.02	55	1.02	16
InvMetrics All Endowment \$50mm-\$250mm Gross Median	8.68%	--	7.06%	--	1.05	--	0.47	--

5 Years Ending June 30, 2019								
	Anlzd Ret	Rank	Anlzd Std Dev	Rank	Sharpe Ratio	Rank	Info Ratio	Rank
Composite	5.60%	40	8.05%	81	0.59	62	0.41	31
Allocation Index	5.03%	58	7.60%	63	0.55	71	--	--
Policy Index	5.33%	47	7.40%	58	0.60	55	0.54	19
InvMetrics All Endowment \$50mm-\$250mm Gross Median	5.26%	--	7.25%	--	0.61	--	0.20	--



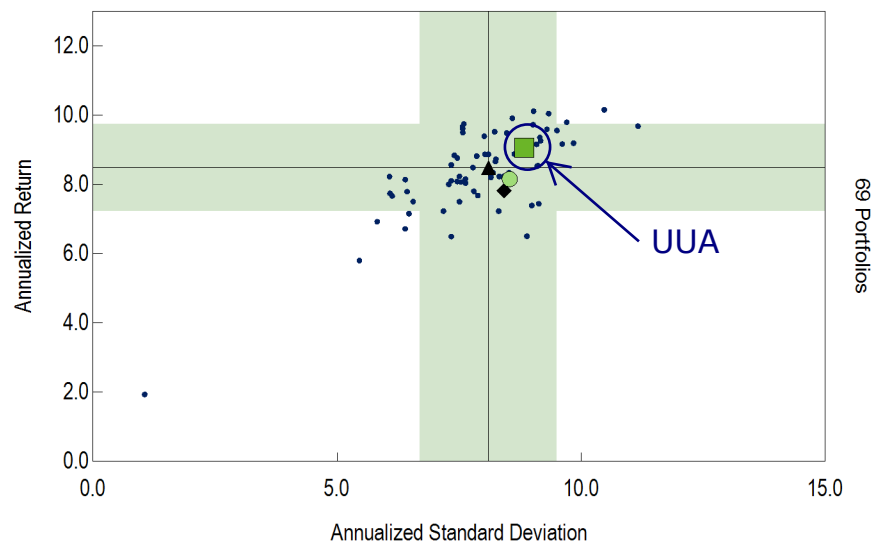
TOTAL FUND RISK/RETURN - GROSS

7 Years Ending June 30, 2019



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

10 Years Ending June 30, 2019



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

7 Years Ending June 30, 2019								
	Anlzd Ret	Rank	Anlzd Std Dev	Rank	Sharpe Ratio	Rank	Info Ratio	Rank
Composite	7.60%	52	7.50%	78	0.93	75	0.46	38
Allocation Index	7.01%	70	7.00%	58	0.91	78	--	--
Policy Index	7.35%	60	6.96%	58	0.96	64	0.60	14
InvMetrics All Endowment \$50mm-\$250mm Gross Median	7.62%	--	6.79%	--	1.03	--	0.29	--

10 Years Ending June 30, 2019								
	Anlzd Ret	Rank	Anlzd Std Dev	Rank	Sharpe Ratio	Rank	Info Ratio	Rank
Composite	9.05%	33	8.83%	73	0.97	63	0.91	5
Allocation Index	7.82%	75	8.42%	64	0.87	92	--	--
Policy Index	8.16%	64	8.54%	68	0.90	87	0.52	20
InvMetrics All Endowment \$50mm-\$250mm Gross Median	8.49%	--	8.10%	--	0.99	--	0.14	--



APPENDIX

NEPC, LLC

EMERGING MARKETS

General Market Thoughts

- **Emerging equities offer the highest total return potential for investors**
 - Valuation levels and long-term fundamentals suggest an overweight relative to global market cap weights (e.g. 15% to 20%)
- **The emerging market consumption theme continues to evolve with many managers now overweight; consider a modest portfolio tilt to small cap**
 - Target a small cap allocation of 20% to 25% of the total emerging market equity exposure
 - However, we do not recommend EM small-cap as your sole emerging equity exposure
- **Early stage venture private equity shifting from copy-cat business models to technology innovation; Look to private opportunities in Asia**

Equity Implementation Views

Strategy		Outlook	Commentary
EM	Passive	Neutral	Strategies are more reasonably priced than in the past
	Large Cap	Positive	Should be the majority (75%-85%) of your EM exposure
	Small Cap	Positive	Slight (5-10%) overweight to EM small cap vs. benchmark. Should not be your only emerging markets exposure
	Private Equity	Positive	Emphasize growth equity strategies; Early stage venture shifting from copy-cat business models to technology innovation; Control deals are becoming more frequent as PE industry matures



BETA GROUP THOUGHTS AND ACTIONS

Equity Beta Group Thoughts

- **Weakening growth outlook for Europe and a downward adjustment to profit margins; divergence with Japan**
- **Emerging market economic divergence; growth premium to developed markets**
- **Late cycle private equity commitments often outperform mid-cycle ones that have not had the opportunity to de-risk**

Equity Beta Group Actions

- **Rebalance Developed Market Equities to Benchmark**
- **Overweight emerging markets with slight tilt to small cap; International Small Cap structural not tactical overweight**
- **Actively manage private equity portfolios: continue to deploy capital thoughtfully, with an eye toward preserving liquidity**



APPENDIX

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GLOSSARY OF TERMS

The calculation methodology for each measure of performance is outlined below.

Measurement	Description	Equation
Policy Target	Measures policy allocation decisions.	= TARGET ASSET WEIGHTS X INDEX RETURNS
Allocation Index	Measures actual allocation decisions. Deviations from the policy target can be derived. (Allocation Index – Policy Index)	= ACTUAL ASSET WEIGHTS X INDEX RETURNS
Composite (Total Return)	Measures actual performance and can derive active management decisions. (Composite – Allocation Index)	= ACTUAL ASSET WEIGHTS X ACTUAL RETURNS

The calculation methodology for each measure of attribution is outlined below.

Measurement	Description	Equation
Allocation Effect	Measure the effects of overweighting or underweighting managers and asset classes.	= (ACTUAL MANAGER WEIGHT – POLICY TARGET WEIGHT) X POLICY INDEX RETURN
Selection Effect	Measures the managers' ability to add excess return relative to the policy index.	= (ACTUAL MANAGER RETURN – INDEX RETURN) X POLICY TARGET WEIGHT
Interaction Effect	Measures the cross correlation of both selection and allocation effects and is often referred to as an "error term".	= (ACTUAL MANAGER RETURN X (ACTUAL MANAGER WEIGHT – POLICY TARGET WEIGHT)) – ((MANAGER WEIGHT – POLICY TARGET WEIGHT) X INDEX RETURN)

GLOSSARY OF TERMS

Alpha - Measures the relationship between the fund performance and the performance of another fund or benchmark index and equals the excess return while the other fund or benchmark index is zero.

Alpha Jensen - The average return on a portfolio over and above that predicted by the capital asset pricing model (CAPM), given the portfolio's beta and the average market return. Also known as the abnormal return or the risk adjusted excess return.

Annualized Excess Return over Benchmark - Annualized fund return minus the annualized benchmark return for the calculated return.

Annualized Return - A statistical technique whereby returns covering periods greater than one year are converted to cover a 12 month time span.

Beta - Measures the volatility or systematic risk and is equal to the change in the fund's performance in relation to the change in the assigned index's performance.

Information Ratio - A measure of the risk adjusted return of a financial security, asset, or portfolio.

Formula:

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

R-Squared - Represents the percentage of a fund's movements that can be explained by movements in an index. R-Squared values range from 0 to 100. An R-Squared of 100 denotes that all movements of a fund are completely explained by movements in the index.

Sharpe Ratio - A measure of the excess return or risk premium per unit of risk in an investment asset or trading strategy.

Sortino Ratio - A method to differentiate between good and bad volatility in the Sharpe Ratio. The differentiation of up and down volatility allows the calculation to provide a risk adjusted measure of a security or fund's performance without upward price change penalties.

Formula:

*Calculation Average (X-Y)/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:

(Annualized Return of Portfolio - Annualized Return of Risk Free) / 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:

*Tracking Error = 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:

(Portfolio Average Return - Average Return of Risk-Free Rate)/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.

UpsideCapture = TotalReturn(FundReturns)/TotalReturns(BMReturn) when Period Benchmark Return is > = 0

DownsideCapture = TotalReturn(FundReturns)/TotalReturns(BMReturn) when Benchmark < 0

Data Source: InvestorForce



Information Disclaimer

- Past performance is no guarantee of future results.
- All investments carry some level of risk. Diversification and other asset allocation techniques are not guaranteed to ensure profit or protect against losses.
- NEPC's source for portfolio pricing, calculation of accruals, and transaction information is the plan's custodian bank. Information on market indices and security characteristics is received from other sources external to NEPC. While NEPC has exercised reasonable professional care in preparing this report, we cannot guarantee the accuracy of all source information contained within.
- Some index returns displayed in this report or used in calculation of a policy, allocation or custom benchmark may be preliminary and subject to change.
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- This report may contain confidential or proprietary information and may not be copied or redistributed to any party not legally entitled to receive it.

Reporting Methodology

- The client's custodian bank is NEPC's preferred data source unless otherwise directed. NEPC generally reconciles custodian data to manager data. If the custodian cannot provide accurate data, manager data may be used.
- Trailing time period returns are determined by geometrically linking the holding period returns, from the first full month after inception to the report date. Rates of return are annualized when the time period is longer than a year. Performance is presented gross and/or net of manager fees as indicated on each page.
- For managers funded in the middle of a month, the "since inception" return will start with the first full month, although actual inception dates and cash flows are taken into account in all Composite calculations.
- This report may contain forward-looking statements that are based on NEPC's estimates, opinions and beliefs, but NEPC cannot guarantee that any plan will achieve its targeted return or meet other goals.



ALTERNATIVE INVESTMENT DISCLAIMER

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.

