

## MEETING MATERIALS

# UNITARIAN UNIVERSALIST ASSOCIATION OF CONGREGATIONS

November 19, 2019



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# ADMINISTRATIVE

NEPC, LLC

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UUA Investment and Socially Responsible Investment Committee – Minutes **DRAFT**  
24 Farnsworth Street  
Boston, MA 02210  
Room 210  
August 20, 2019

***Socially Responsible Investment Committee:***

Members present: Kathy Mulvey, Chair, Vonda Brunsting, Lucia Santini-Field, Vanessa Lowe, Andrew McGeorge, Julie Skye and Pat Tomaino

Members absent: None

Staff: Tim Brennan, Susan Helbert

**1. Minutes from meeting on May 16, 2019 – Mulvey**

**Motion 1:** To approve minutes from May 16, 2019 meeting without amendment. Moved: Santini-Field, seconded: Skye, Lowe and McGeorge abstained, remaining members approved.

**2. Consideration of Community Investment Opportunities – all members**

- Boston Impact Fund
  - Pursues economic justice by investing in opportunity for all people, especially those most oppressed or abandoned by the current economic system.
  - Engage in field-building initiatives that challenge conventional beliefs about ownership, competition, profit-making and control and advance fresh perspectives on democratizing investment, strengthening relationships and building solidarity.
  - They intend to invest 75% in loans and 25% equity and investments range from \$50k-\$250k.
- Ujima Project
  - Mission is to build collective power by organizing investor savings, businesses and customers in order to grow a democratically controlled economy, build community wealth, and support economic self-reliance in Greater Boston.
  - A start-up fund which will be an investment vehicle to finance small businesses, organizations, real estate and infrastructure projects in Boston's working-class Black, Indigenous, and other communities of color.
  - Businesses must be active and have revenues of \$1 million to \$7 million annually to qualify.
  - Investments range from \$50k-\$250k.

**Motion 2:** To invest \$50,000 in the Boston Impact Fund for 3 years with a 3% return. Moved: Lowe, seconded, Skye. All approved.

**VOTED:** That the Unitarian Universalist Common Endowment Fund, LLC, invest \$50,000 of the assets of the UUCEF, LLC into the Boston Impact Initiative Fund, on the terms set forth in the subscription agreements and offering documentation therefore submitted by the Investment Fund to Andrew McGeorge, Treasurer of the Unitarian Universalist Association, subject to such changes and amendments therein as he may determine to be appropriate; ; and

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

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

**Motion 3:** To recommend to the Investment Committee that an investment of \$25,000 be made in the Ujima Project for 3 years with a 2% return. Moved: Lowe, seconded, Mulvey. Tomaino abstained as he's a member of Ujima's Investment Committee, all other members approved.

### **3. SRI Policy discussion – all members**

- Discussed most recent changes and are comfortable moving it forward as is.
- Expect to add an appendix of General Assembly and Board actions supporting the policy within six months.
- Will begin working on procedures to accompany the policy and expect it to take up to a year to complete.

**Motion 4:** To approve the SRI policy as presented with an appendix of the historical references to be added within 6 months and procedures to be developed with a year. Moved, Lowe, seconded, Brunsting. All approved.

**Action item 1:** Brennan to send historical references for SRI Policy to McGeorge.

### *Investment Committee:*

Members present: Kathleen Gaffney, Chair, Andrew McGeorge, Brian Lasher, Ken Redd, and Lucia Santini-Field

Members absent: None

Staff: Tim Brennan, Susan Helbert

NEPC: Lily Fayerweather, Krissy Pelletier, Asher Watson

Acadian Asset Management: Renee Hoffman, Asha Mehta

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

### **1. Acadian Interview – Hoffman, Mehta**

- Boston based manager and the first quantitative manager to sign onto PRI.
- Has about 600 holdings giving a broad range of market cap exposure.
- Responsible investing is an integral part of the investment process; believe sustainable companies have the potential to generate stronger performance over time.
- Discussed methodology for estimating a company's valuation in the absence of disclosed data.

- Set portfolio constraints at 5% for both country and industry level.

## **2. Debrief and next steps on Emerging Market Equity – all members**

- Quantitative process contrasts with the fundamental process at RBC.
- Strong ESG integration in is line with UUCEF interests.
- Their bottom up approach pairs nicely with RBC who uses a top down approach.

**Motion 1:** To invest 50% of the current RBC allocation into the Acadian Emerging Market Fund. Moved, Gaffney, seconded Lasher, all approved.

VOTED: That the Unitarian Universalist Common Endowment Fund, LLC, invest 50% of the assets currently held in the RBC Emerging Market Fund, into the Acadian Emerging Market Fund, (the “Investment Fund”), on the terms set forth in the subscription agreements and offering documentation therefore submitted by the Investment Fund to Andrew McGeorge, Treasurer of the Unitarian Universalist Association, subject to such changes and amendments therein as he may determine to be appropriate; and

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

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

## **3. Fixed Income Allocation – all members**

- Review manager sizing for flexible mandates
  - Currently have some overlapping exposures between Brandywine and Franklin Templeton however; the two strategies exhibit a relatively low correlation to one another and have historically had very different beta’s.
  - NEPC recommends continuing termination of Loomis Strategic Alpha and reallocating those proceeds to Franklin Templeton achieving roughly a 1/3 split between the three remaining managers.
- Discuss alternative options for short duration
  - High Quality Fixed Income objective is to provide some safe haven and liquidity.
  - Liquidated GMO to fund the recently approved Short Duration mandate. In an effort to implement that mandate as quickly as possible, funded the Fidelity Short Treasuries index fund until a suitable alternative investment is identified.
  - Discussed the Income Research and Management 1-3 Year Bond, Merganser Short Term Bond, StoneCastle Financial Corp., and MicroVest Short Duration opportunities.
  - StoneCastle is a very interesting strategy, interested in learning more about the FICA for Impact Fund.

**Motion 2:** To allocate flexible Fixed Income to 1/3<sup>rd</sup> each to Brandywine, Loomis Multi-Sector and Franklin Templeton. Moved, Gaffney, seconded, Lasher, all approved.

**Action item 1:** NEPC will provide materials on StoneCastle's FICA for Impact Fund, including regions and banks, to the committee to review.

**Action item 2:** NEPC will work with Helbert to schedule a call for the committee to discuss StoneCastle's FICA for Impact Fund.

#### **4. Draft SRI Policy and Screening Criteria Process Review – all members**

- Had lengthy discussion on the most recent draft SRI Policy.
- Knowing an interview with a potential new committee member is upcoming; feel more comfortable waiting until next meeting to vote so potential new member could review and weigh in on discussion.
- Need to create procedures/structure on how SRI policy will be operationalized and how collaboration will work. On the investment side there's a method that balances risk and return, need to develop this on the social investing side to help the committees evolve together.
- Work to begin on an appendix citing the relevant GA decisions affecting the policy.
- Subcommittee is continuing to sense-check exclusions based on the new Sustainalytics risk scoring.

**Action item 3:** Gaffney, McGeorge and Mulvey to work on goals and priorities for the next 6 to 12 months and the members who will work on them.

**Action item 4:** NEPC, Lasher, McGeorge, and Skye to have a call on the negative screening process. Will bring report to the committees for discussion at the next meeting.

#### **5. Minutes from May 16, 2019 - Gaffney**

**Motion 2:** To approve minutes from the May 16, 2019 meeting. Moved: Santini-Field, seconded Lasher, Lowe and McGeorge abstained, remaining members approved.

#### ***Joint Session:***

#### **6. Working lunch – all members**

- Debriefed workshop led by Jeannette Huezo of United for a Fair Economy and Vonda Brunsting and discussed next steps
  - Learned a great deal about racial injustice and income equality through several well-planned interactive activities. (See, for example, Government Boosts and Blocks to Building Wealth online at: [http://www.faireconomy.org/boosts\\_and\\_blocks\\_of\\_building\\_wealth\\_infographic](http://www.faireconomy.org/boosts_and_blocks_of_building_wealth_infographic)).
  - Discussions and activities proved out how current economic situation works for some but not the majority.
  - Training activities on income and wealth stagnation dramatically demonstrated the loss of the middle class.
  - Spurred idea of researching the possibility of a racial justice assessment of the portfolio.

- Need to further review how this helps shape the mission of the joint committees.

**Action item 4:** Brunsting to collect notes from work groups, debrief and get take-aways from Jeannette at United for a Fair Economy, follow-up on fundraising prospects with Episcopal City Mission and find out more about learning circle opportunities to help guide us.

**7. SRIC Update on and Recommendation for Community Investment Opportunities – all members**

- SRIC approved an investment of \$50,000.00 in the Boston Impact Fund for 3 years with a 3% return.
- SRIC recommended a \$25,000.00 investment be made in the Ujima Project for 3 years with a 2% return.
- See above under SRIC section for description of the Boston Impact Initiative Fund and the Ujima Project.

**Motion 3:** To invest \$25,000 in the Ujima Project for 3 years with a 2% return. Moved: Lasher, seconded, Santini-Field. All approved.

**8. Manager Introductions - all members**

- Committee will review managers and discuss at November meeting.

**9. Performance Update – NEPC**

- 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 policy indices.
- 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 indices.
- Over the ten-year time horizon, the portfolio ranks in the top third of peers.
- Discussed new target ranges for portfolio.

**Motion 4:** To accept new target ranges as provided by NEPC. Moved: Lasher, seconded, Gaffney. All approved.

**10. Discuss plans for next meeting – all members**

- SRI policy.
- Negative screening process and review of exclusions based on new Sustainalytics risk scoring.
- SRIC.IC goals and priorities for next 6-12 months.
- Discuss remaining actions items from May SRIC meeting.
- Manager introductions.

**Next Meeting:  
November 19, 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

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# HIGHLIGHTS OF 2019 THIRD QUARTER HAPPENINGS AT NEPC

## NEPC INSIGHTS

- 2019 Second Quarter Market Thoughts
- White Paper: "Determining Spending Levels for an Individual Portfolio"
- White Paper: "Are you Getting Independent and Objective Investment Advice?"
- "What a Long, Strange Trip It's Been – The Journey of the First 401(k) Participants"
- "Dollars and Cents: Transitioning Decisions into Dollars for Defined Contribution Participants"
- Taking Stock: "What is the Yield Curve Signaling? Part 2"
- Taking Stock: "What Happened to the Data-Dependent Fed?"
- Taking Stock: "A Multi-Asset Strategy That's the Right Fit For You"
- Taking Stock: "Healthcare Organizations Maintain Economic Optimism Despite Geopolitical Concerns"
- Taking Stock: "Getting Those Dollars and Cents to Add Up in Retirement Planning"
- Taking Stock: "Dear Millennials, What Do You Want from Your Investment Portfolio?"
- Taking Stock: "Is Help on the Way for Struggling Multiemployer Pensions?"
- Taking Stock: "Pension Liabilities Rise in Q2"

## WEBINAR REPLAYS

- NEPC's 2019 Q2 Quarterly Market Thoughts Call

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# HIGHLIGHTS OF 2019 THIRD QUARTER HAPPENINGS AT NEPC

## NEPC GIVES BACK

- NEPC sponsored a volunteer day with the Greater Boston chapter of Habitat for Humanity. Our volunteers spent their day helping to build homes for low-income families in need of decent and affordable housing.
- NEPC employees volunteered at the Greater Boston Food Bank (GBFB) on October 3<sup>rd</sup>. GBFB is the largest hunger-relief organization in New England and among the largest food banks in the country. The food banks are committed to increasing food distribution to provide at least one meal a day to every person in need, while supporting healthy lives and healthy communities. We had a group of about 20 volunteers who sorted and packed a total of 6,961 pounds of food and drink, which came to a total of 5,801 meals.





# **MARKET ENVIRONMENT & OUTLOOK**

NEPC, LLC

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# CALENDAR YEAR INDEX PERFORMANCE

	2010	2011	2012	2013	2014	2015	2016	2017	2018	Sep	YTD
<b>S&amp;P 500</b>	15.1%	2.1%	16.0%	32.4%	13.7%	1.4%	12.0%	21.8%	-4.4%	1.9%	20.6%
<b>Russell 1000</b>	16.1%	1.5%	16.4%	33.1%	13.2%	0.9%	12.1%	21.7%	-4.8%	1.7%	20.5%
<b>Russell 2000</b>	26.9%	-4.2%	16.3%	38.8%	4.9%	-4.4%	21.3%	14.6%	-11.0%	2.1%	14.2%
<b>Russell 2500</b>	26.7%	-2.5%	17.9%	36.8%	7.1%	-2.9%	17.6%	16.8%	-10.0%	1.8%	17.7%
<b>MSCI EAFE</b>	7.8%	-12.1%	17.3%	22.8%	-4.9%	-0.8%	1.0%	25.0%	-13.8%	2.9%	12.8%
<b>MSCI EM</b>	18.9%	-18.4%	18.2%	-2.6%	-2.2%	-14.9%	11.2%	37.3%	-14.6%	1.9%	5.9%
<b>MSCI ACWI</b>	12.7%	-7.3%	16.1%	22.8%	4.2%	-2.4%	7.9%	24.0%	-9.4%	2.1%	16.2%
<b>Private Equity</b>	19.8%	9.5%	12.6%	22.3%	14.6%	10.4%	10.3%	21.0%	13.1%	-	4.9%
<b>BC TIPS</b>	6.3%	13.6%	7.0%	-8.6%	3.6%	-1.4%	4.7%	3.0%	-1.3%	-1.4%	7.6%
<b>BC Municipal</b>	2.4%	10.7%	6.8%	-2.6%	9.1%	3.3%	0.2%	5.4%	1.3%	-0.8%	6.7%
<b>BC Muni High Yield</b>	7.8%	9.2%	18.1%	-5.5%	13.8%	1.8%	3.0%	9.7%	4.8%	-0.2%	9.7%
<b>BC US Corporate HY</b>	15.1%	5.0%	15.8%	7.4%	2.5%	-4.5%	17.1%	7.5%	-2.1%	0.4%	11.4%
<b>BC US Agg Bond</b>	6.5%	7.8%	4.2%	-2.0%	6.0%	0.5%	2.6%	3.5%	0.0%	-0.5%	8.5%
<b>BC Global Agg</b>	5.5%	5.6%	4.3%	-2.6%	0.6%	-3.2%	2.1%	7.4%	-1.2%	-1.0%	6.3%
<b>BC Long Treasuries</b>	9.4%	29.9%	3.6%	-12.7%	25.1%	-1.2%	1.3%	8.5%	-1.8%	-2.5%	19.8%
<b>BC US Long Credit</b>	10.7%	17.1%	12.7%	-6.6%	16.4%	-4.6%	10.2%	12.2%	-6.8%	-1.5%	21.9%
<b>BC US STRIPS 20+ Yr</b>	10.9%	58.5%	3.0%	-21.0%	46.4%	-3.7%	1.4%	13.7%	-4.1%	-3.6%	28.4%
<b>JPM GBI-EM Global Div</b>	15.7%	-1.8%	16.8%	-9.0%	-5.7%	-14.9%	9.9%	15.2%	-6.2%	1.0%	7.9%
<b>JPM EMBI Glob Div</b>	12.2%	7.3%	17.4%	-5.3%	7.4%	1.2%	10.2%	10.3%	-4.3%	-0.5%	13.0%
<b>CS Hedge Fund</b>	10.9%	-2.5%	7.7%	9.7%	4.1%	-0.7%	1.2%	7.1%	-3.2%	-	7.1%
<b>BBG Commodity</b>	16.8%	-13.3%	-1.1%	-9.5%	-17.0%	-24.7%	11.8%	1.7%	-11.2%	1.2%	3.1%
<b>Alerian MLP</b>	35.9%	13.9%	4.8%	27.6%	4.8%	-32.6%	18.3%	-6.5%	-12.4%	0.7%	11.1%
<b>FTSE NAREIT Equity REITs</b>	28.0%	8.3%	18.1%	2.5%	30.1%	3.2%	8.5%	5.2%	-4.6%	2.9%	27.0%













Source: FactSet, Barclays, Thomson One

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



# PERFORMANCE OVERVIEW

## Q3 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
											
3.4%	1.4	-32 bps	1.7%	-1.1%	-4.2%	2.3%	1.3%	1.5%	-7.0%	4.4%	7.4%

**Global central banks shifted toward easier monetary policy, providing support for risk-assets, even as uncertainty around trade and slowing global growth continue to temper returns**

**The decline in global yields also reflected these concerns – leading to positive returns across safe-haven fixed income. Within credit, spreads were relatively flat, but broadly remain below medians**

**Oil experienced a volatile month as geopolitical concerns influenced spot prices following a bombing of Saudi Arabia's oil infrastructure**

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

## Q3 Macro Market Summary

**The Fed and ECB enacted easier monetary policy programs in an attempt to counter growing downside risks**

**The market value of negative-yielding debt increased to over \$18T**

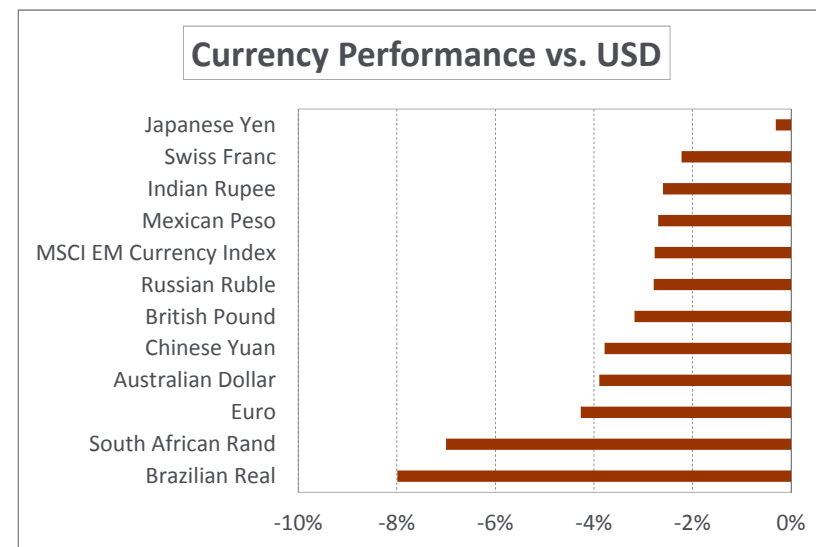
**The dollar strengthened, reflecting a flight-to-quality amid ongoing growth concerns**

	Yield 6/30/19	Yield 9/30/19	Δ
US 10-Yr	2.00%	1.68%	-0.32%
US 30-Yr	2.53%	2.12%	-0.40%
US Real 10-Yr	0.31%	0.15%	-0.16%
German 10-Yr	-0.31%	-0.58%	-0.27%
Japan 10-Yr	-0.16%	-0.23%	-0.07%
China 10-Yr	3.30%	3.17%	-0.13%
EM Local Debt	5.69%	5.21%	-0.48%

Source: FactSet

Central Banks	Current Rate	CPI YOY	Notes from the Quarter
<b>Federal Reserve</b>	1.75% - 2.00%	1.8%	The Fed cut interest rates twice this quarter to a range of 1.75% - 2.00%
<b>European Central Bank</b>	0.00%	1.0%	The ECB cut its deposit rate to -0.50% from -0.40% and announced it would restart bond purchases in November.
<b>Bank of Japan</b>	-0.10%	0.3%	The BoJ will continue its ultra-easy QE program with inflation remaining well below target

Source: FactSet



Source: FactSet



# EQUITY PERFORMANCE OVERVIEW

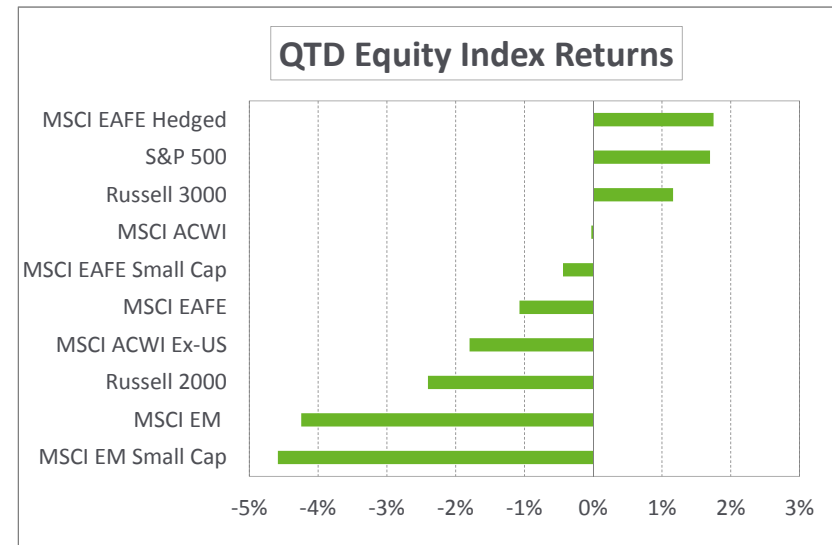
## Q3 Equity Market Summary

**US equities ended the quarter modestly higher on the back of more accommodative monetary policy**

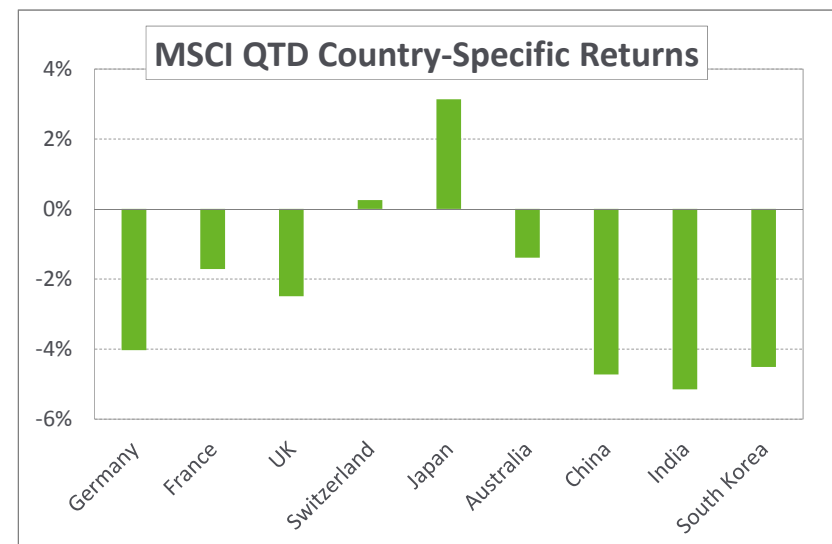
**Trade concerns and currency weakness versus the dollar broadly weighed on international and emerging market local equity returns**

Russell 3000 QTD Sector Returns	
Technology	3.4%
Health Care	-3.6%
Consumer Discretionary	-0.4%
Consumer Staples	5.7%
Energy	-7.6%
Materials & Processing	-0.3%
Producer Durables	0.5%
Financial Services	2.6%
Utilities	8.5%

Source: FactSet



Source: FactSet



Source: FactSet



# CREDIT PERFORMANCE OVERVIEW

## Q3 Credit Market Summary

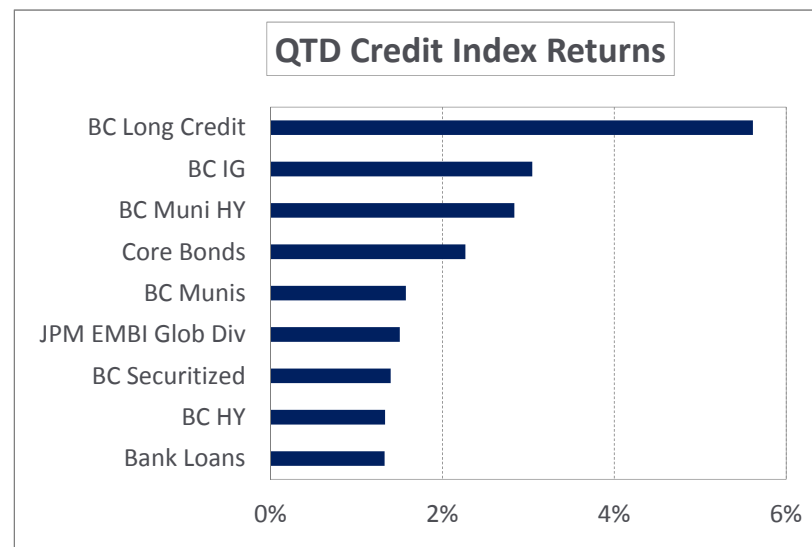
**Demand for safe-haven assets increased with ongoing trade and global growth uncertainties**

**Spreads across the credit complex remained relatively flat during the quarter, but remain below medians**

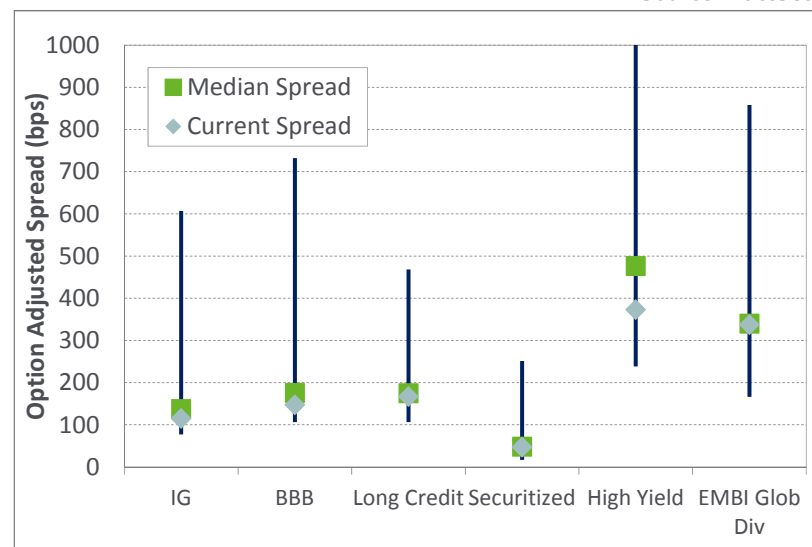
**Long duration assets benefitted from a significant decline in rates on the long-end of the yield curve**

Credit Spread (Basis Points)	6/30/2019	9/30/2019	Δ
BC IG Credit	113	115	+2
BC Long Credit	159	167	+8
BC Securitized	48	47	-1
BC High Yield	367	373	+6
Muni HY	255	246	-9
JPM EMBI	337	337	-
Bank Loans - Libor	391	398	+7

Source: FactSet



Source: FactSet



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



# REAL ASSETS PERFORMANCE OVERVIEW

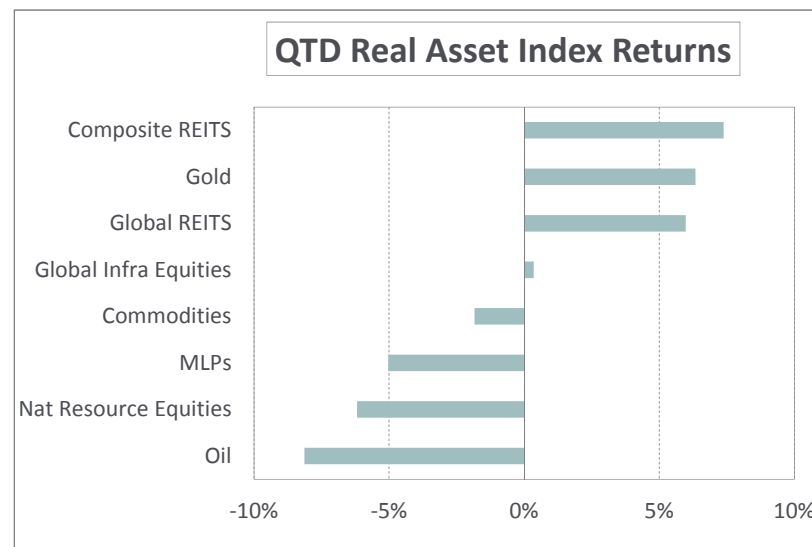
## Q3 Real Assets Market Summary

**Oil experienced a negative quarter with an attack on Saudi Arabia's oil facilities coupled with global growth concerns pushing volatility higher**

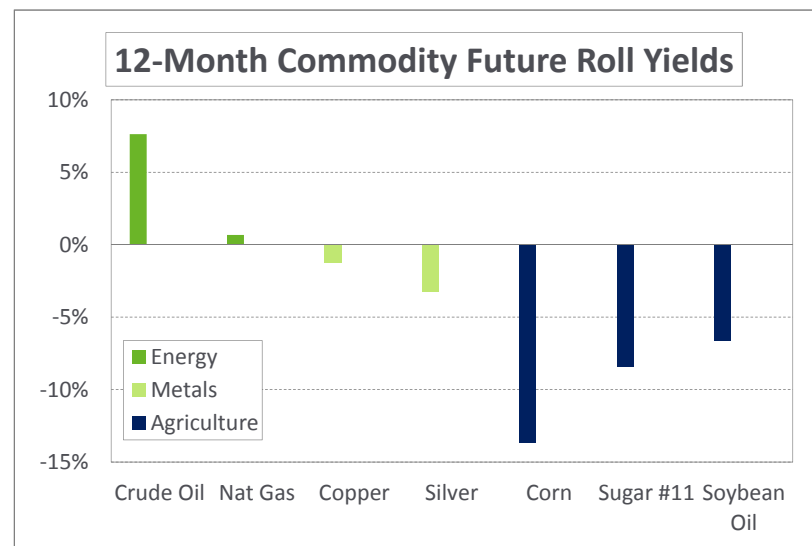
**Gold increased 4.4% during the quarter reflecting concerns around global growth and a lower-yield environment**

Real Asset Yields	6/30/19	9/30/19
MLPs	7.7%	7.8%
Core Real Estate	4.6%	4.5%
Composite REITs	4.2%	3.9%
Global REITs	4.2%	4.1%
Global Infrastructure Equities	4.3%	4.2%
Natural Resource Equities	4.2%	4.3%
US 10-Year Breakeven Inflation	1.73%	1.53%
Commodity Index Roll Yield	-2.0%	-3.0%
10-Year TIPS Real Yield	0.3%	0.2%

Source: FactSet



Source: FactSet



Source: FactSet



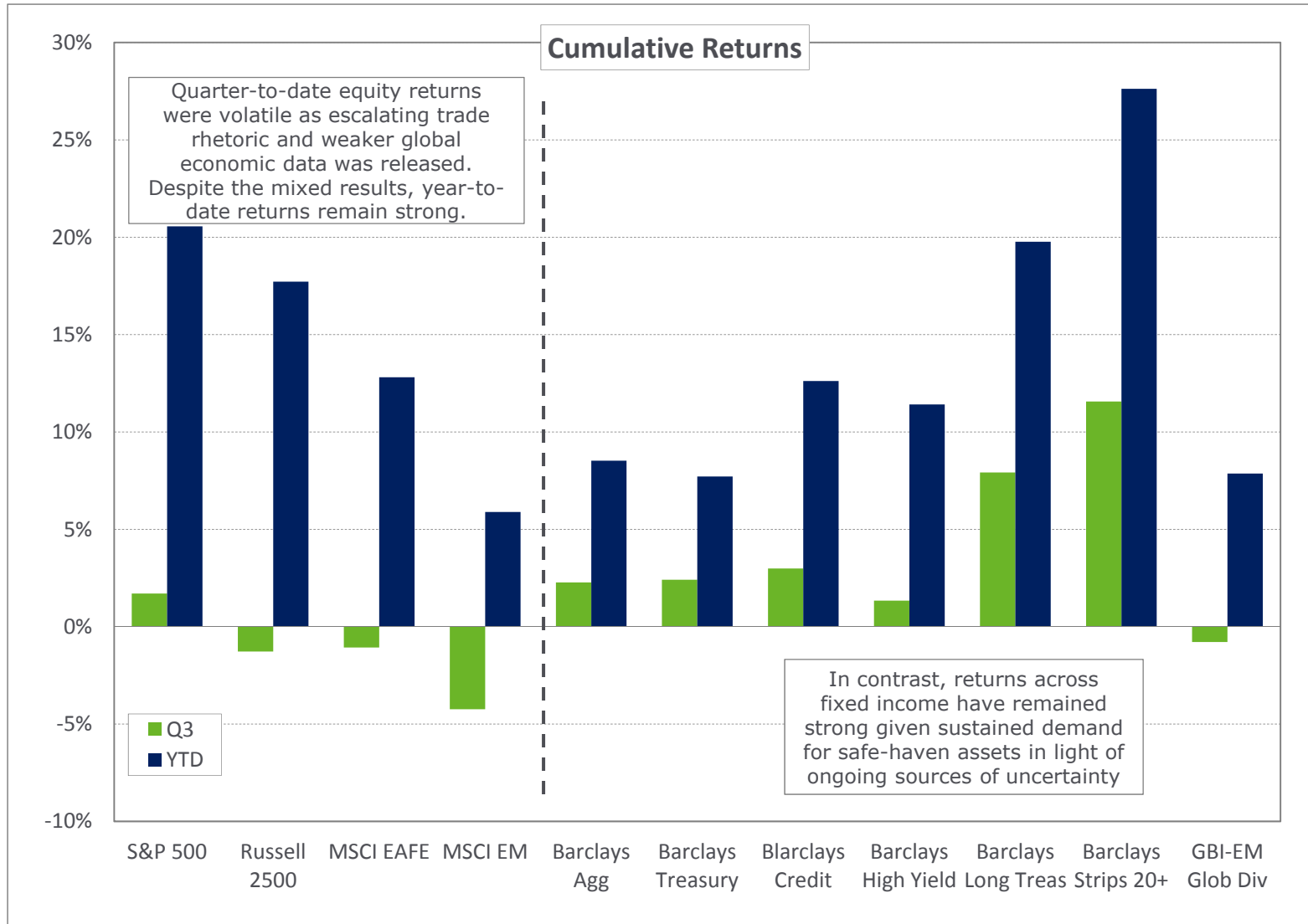
# QUARTERLY REVIEW

NEPC, LLC

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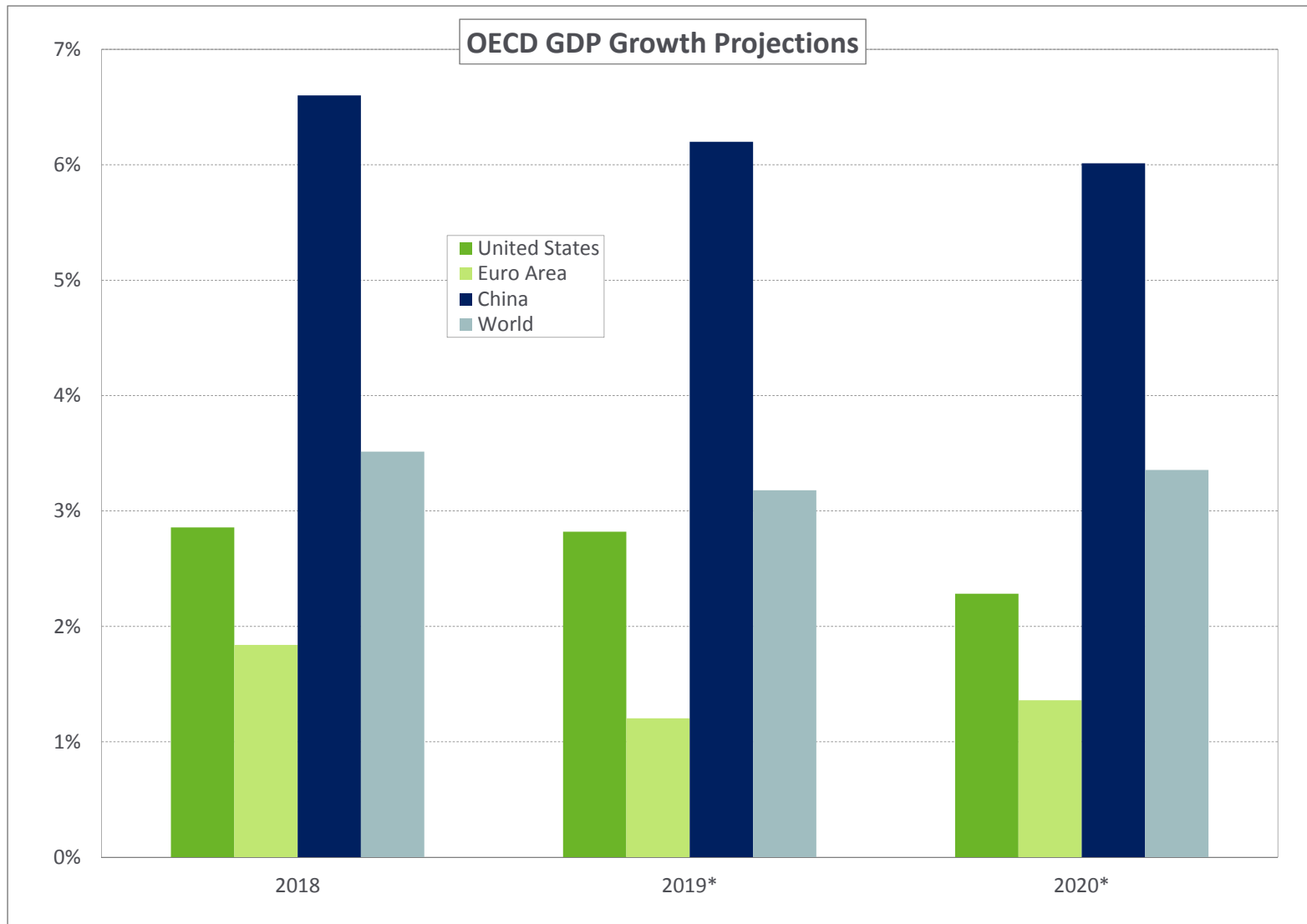
# YTD RETURNS HAVE BEEN STRONG, QTD MIXED



Source: S&P, Russell, MSCI, Barclays, JP Morgan, FactSet; as of 09/30/2019

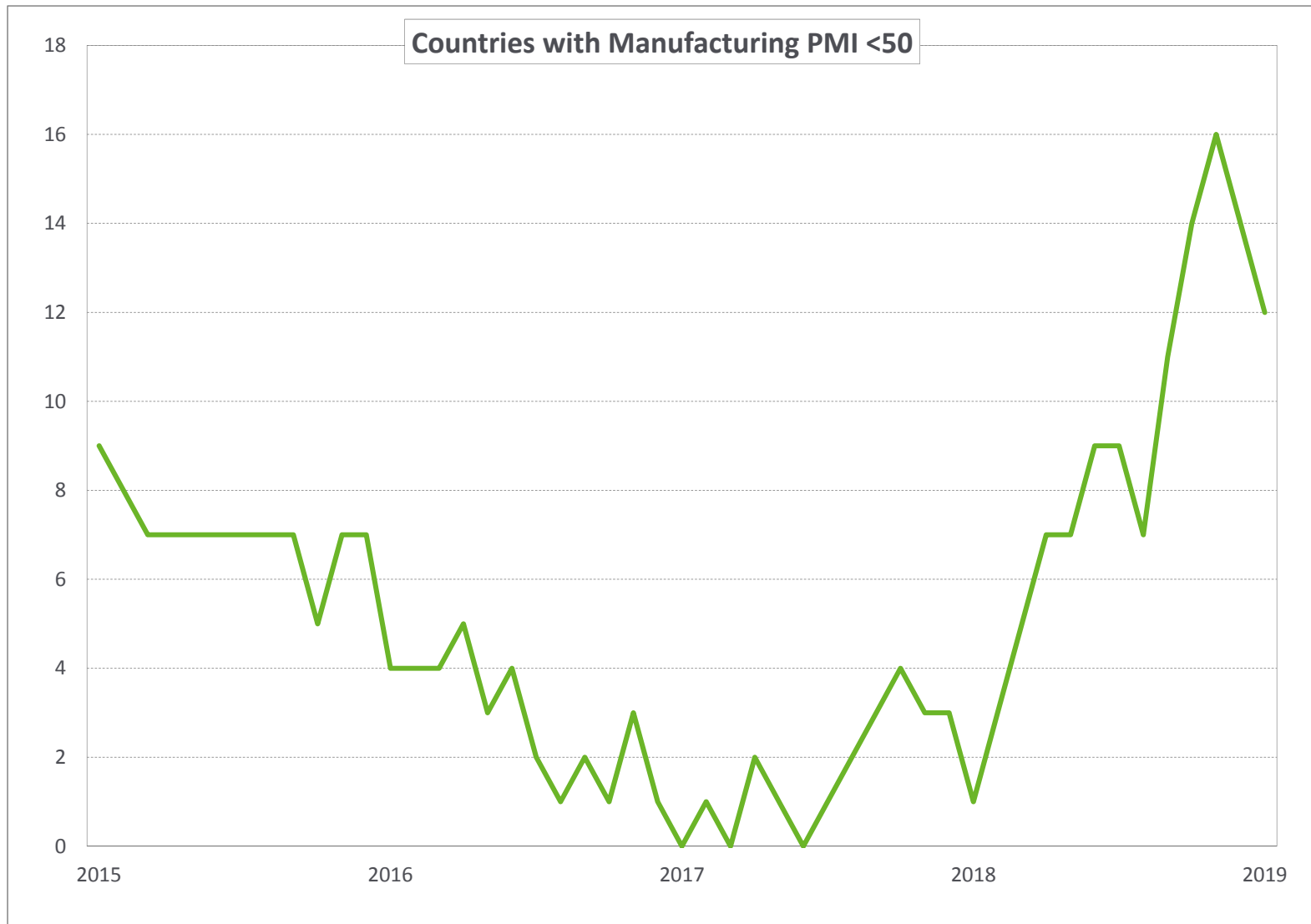


# THE ECONOMIC OUTLOOK HAS DETERIORATED



Source: OECD  
2019 and 2020 data represents forecasted data as of 10/7/2019

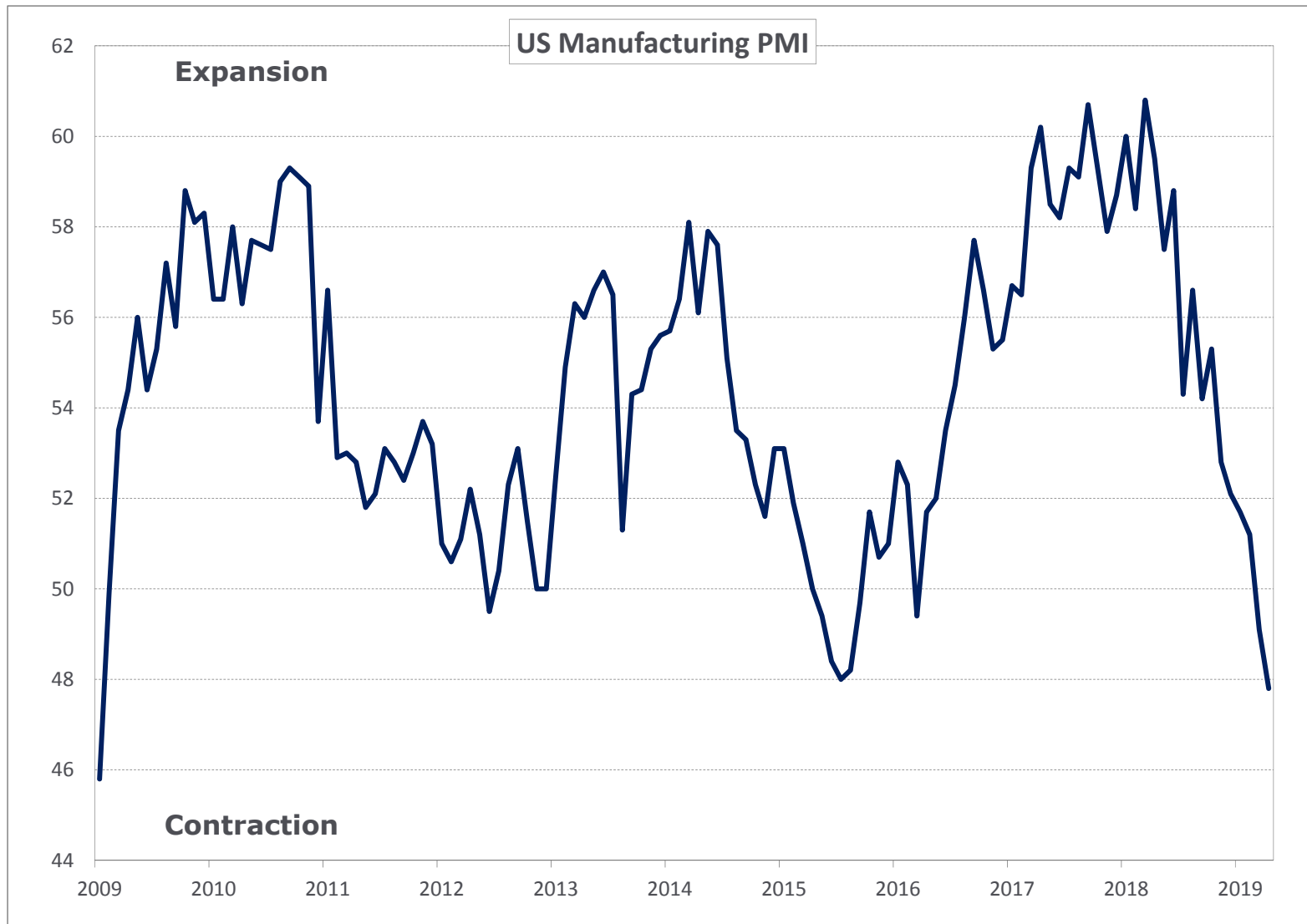
# A SOFTER GLOBAL BACKDROP



Source: Markit, FactSet;  
Represents the number of the top 20 largest economies with manufacturing PMIs less than 50



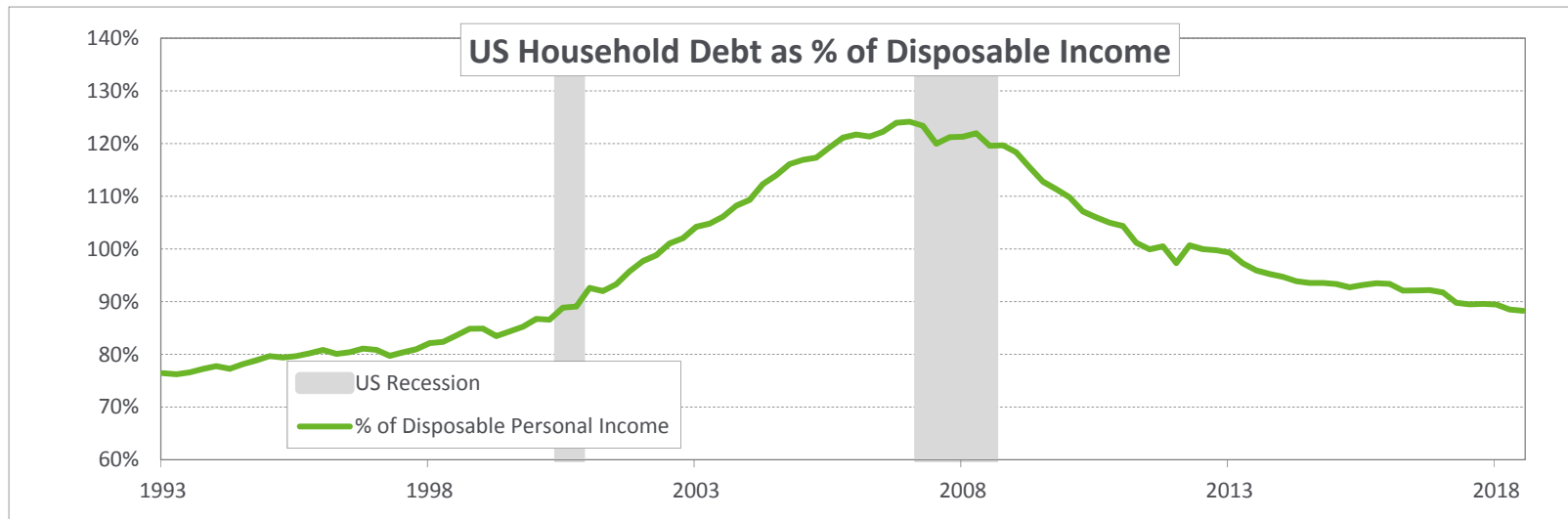
# THE US IS NOT IMMUNE FROM THE WEAKNESS



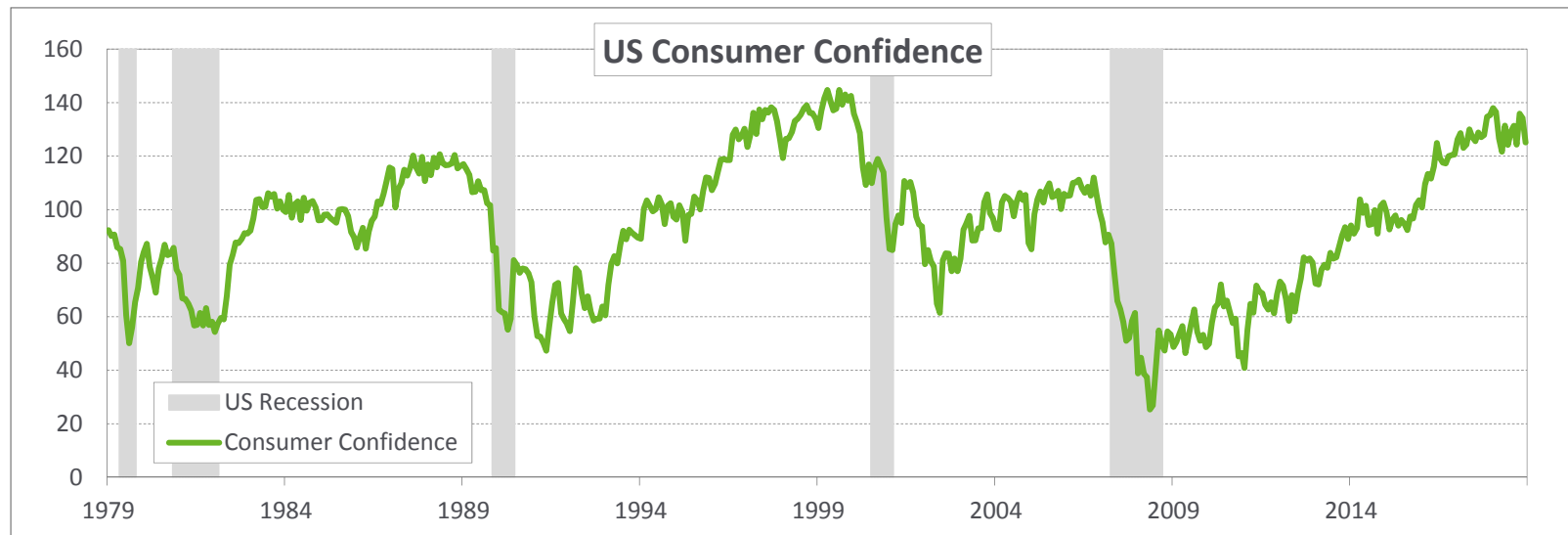
Source: ISM, FactSet



# ...BUT THE CONSUMER HAS PROVIDED SUPPORT



Source: FactSet



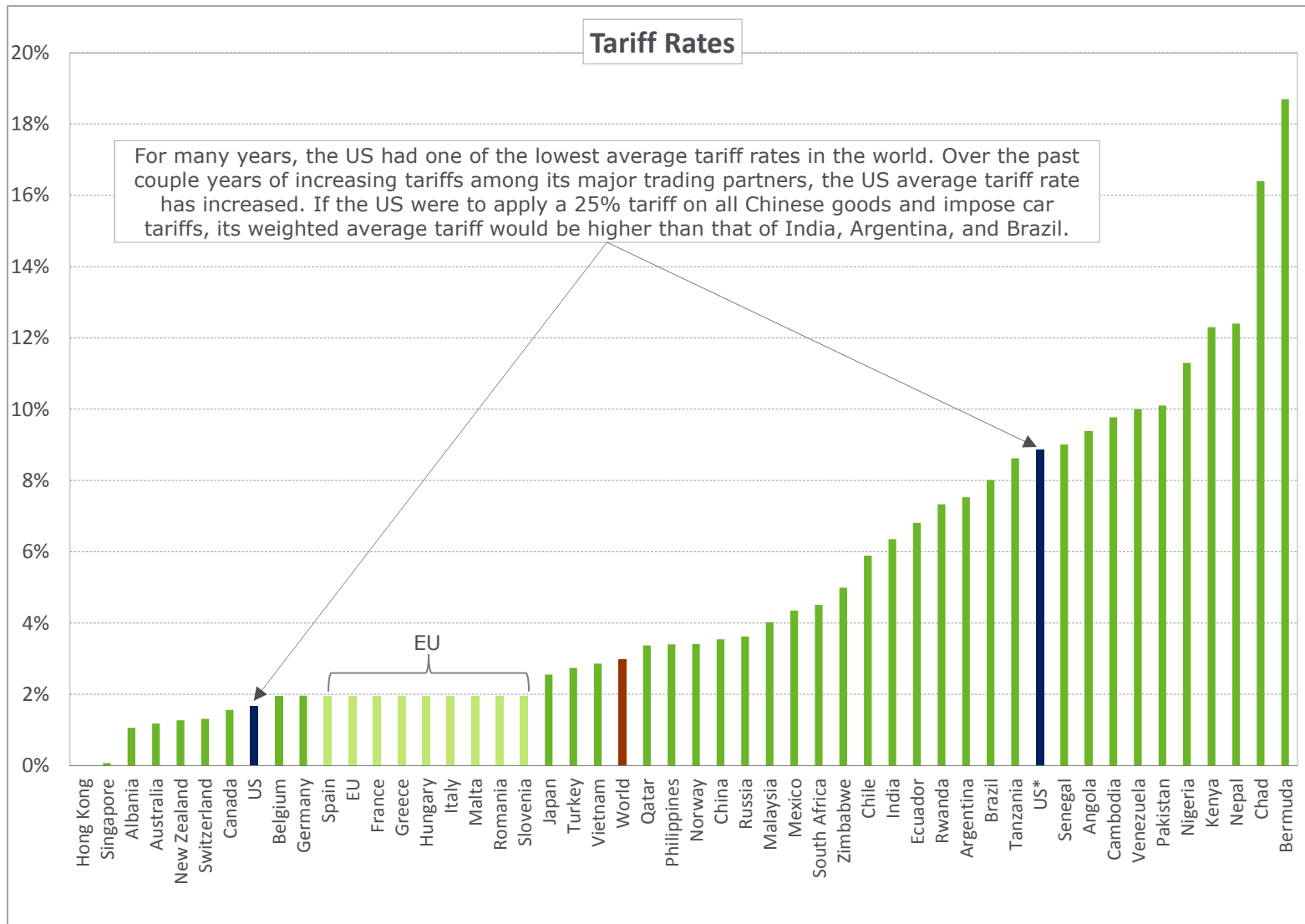
Source: Conference Board US, FactSet



# 2019 TRADE TIMELINE

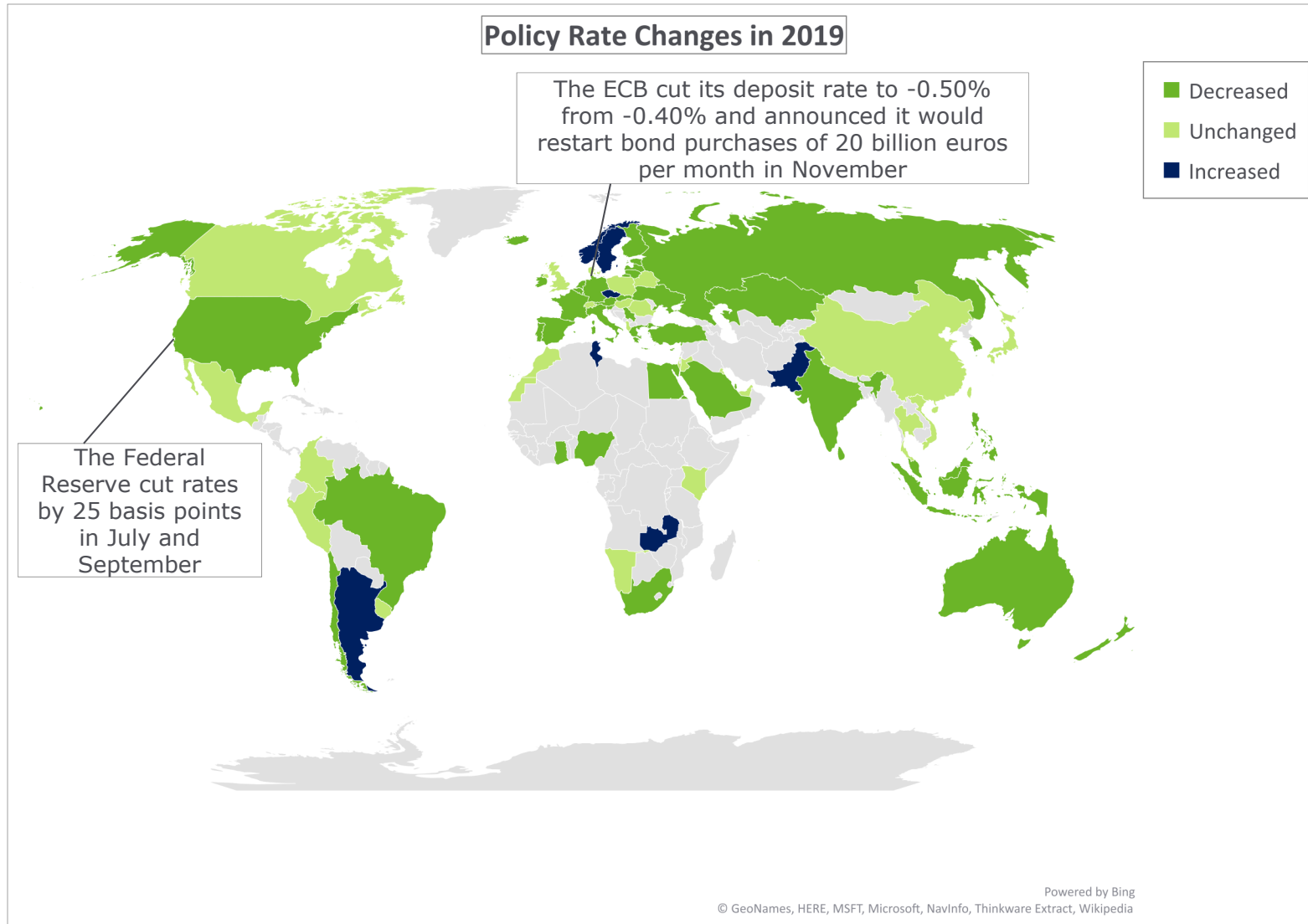


# THE TARIFFS IN CONTEXT



Source: World Bank, UBS, NEPC; Represents 2016 applied tariff rate, weighted mean for all products  
 US\* represents potential average tariff rate estimate sourced from UBS

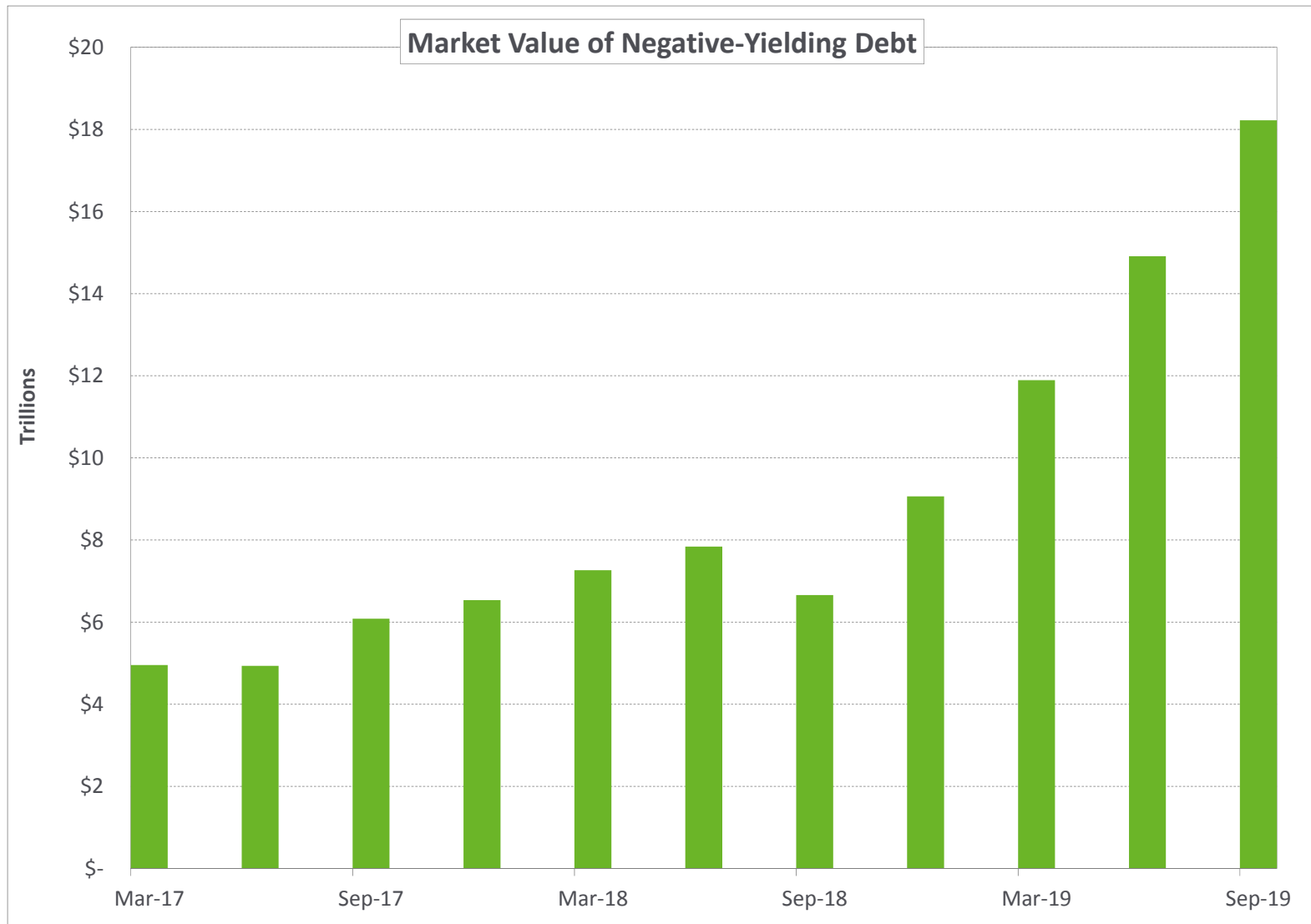
# A SHIFT TOWARD EASIER MONETARY POLICY



Source: FactSet



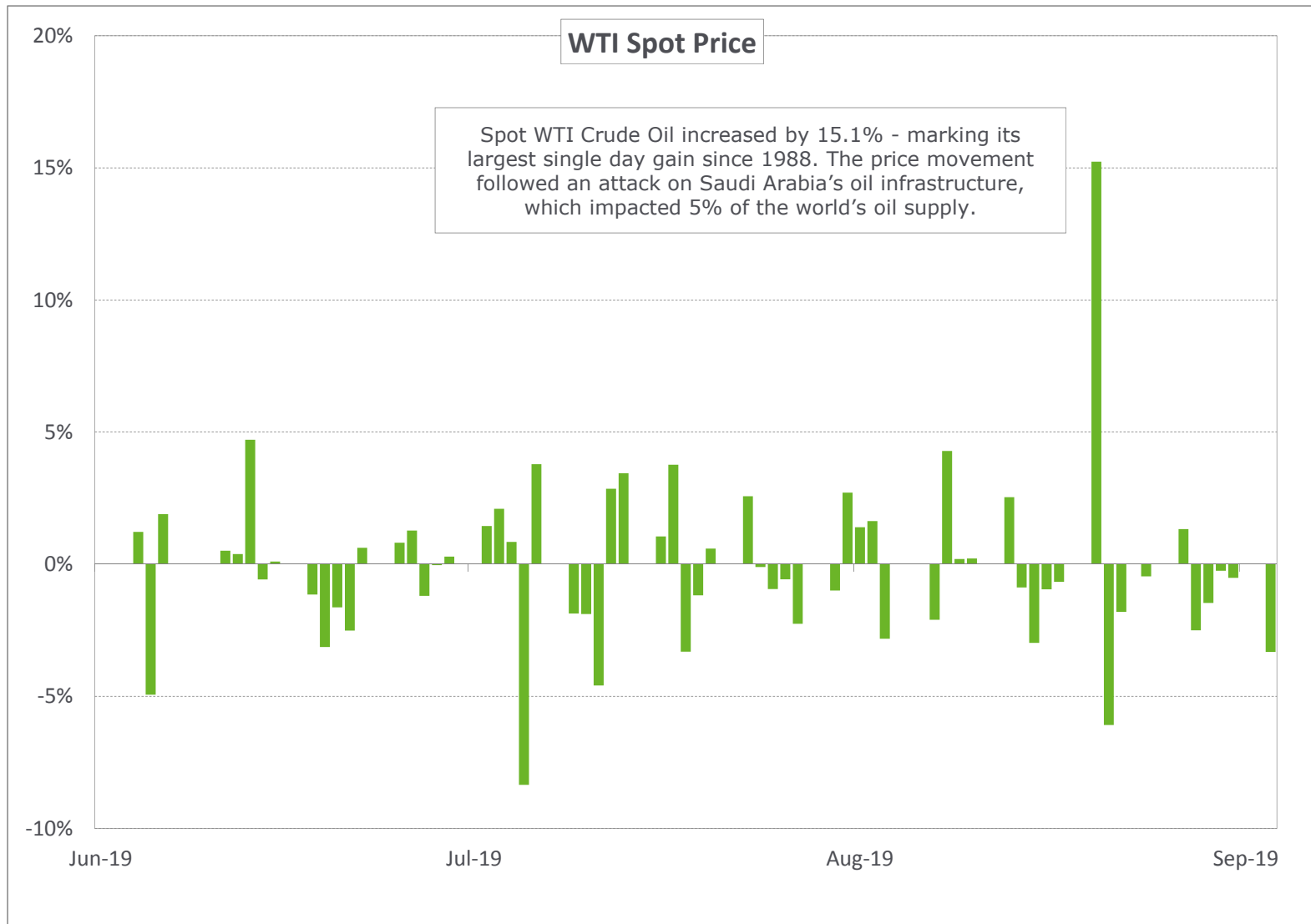
# NEGATIVE YIELDS CONTINUE TO SPREAD



Source: FactSet



# GEOPOLITICAL TENSIONS IMPACTED OIL



Source: FactSet



# KEY MARKET THEMES

NEPC, LLC

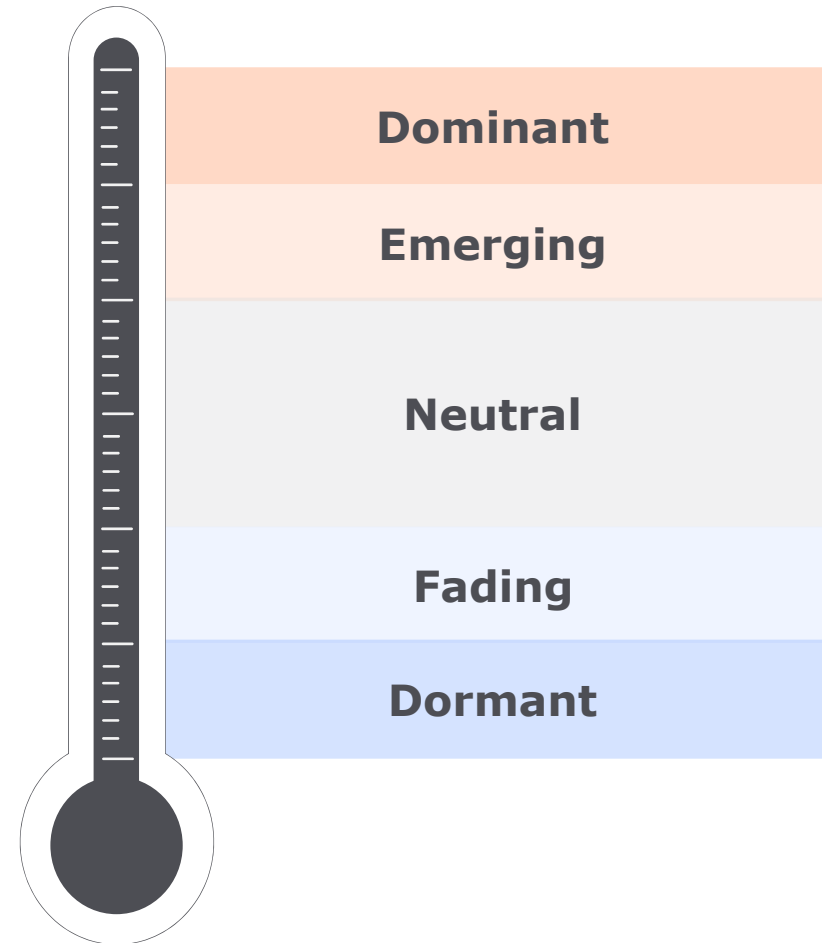
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# KEY MARKET THEMES OVERVIEW

## Thermometer

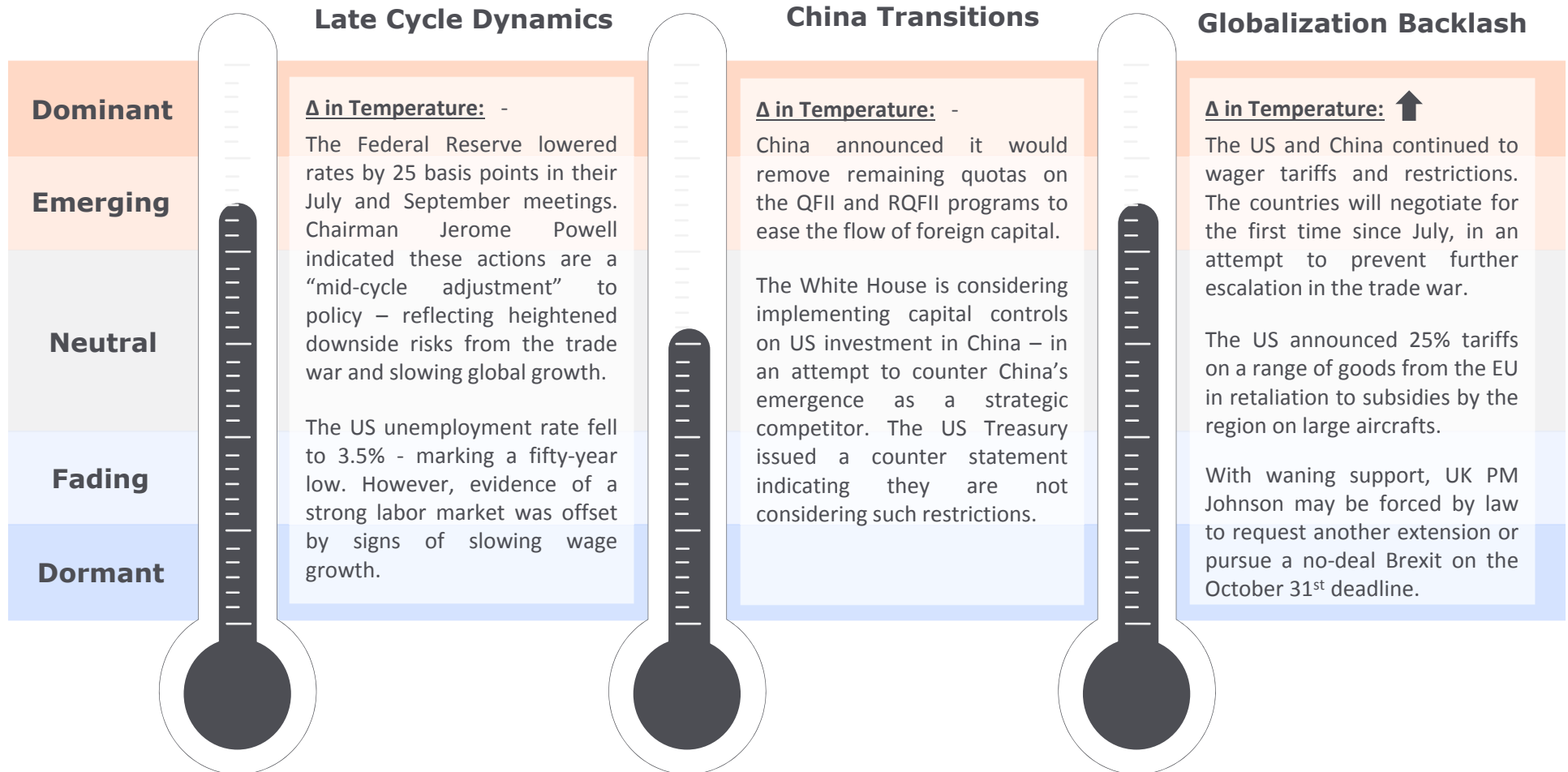
Each Key Market Theme is represented by a thermometer used to assess the current “temperature” of a theme. Themes may trend hotter or colder as market dynamics and underlying conditions change.

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.

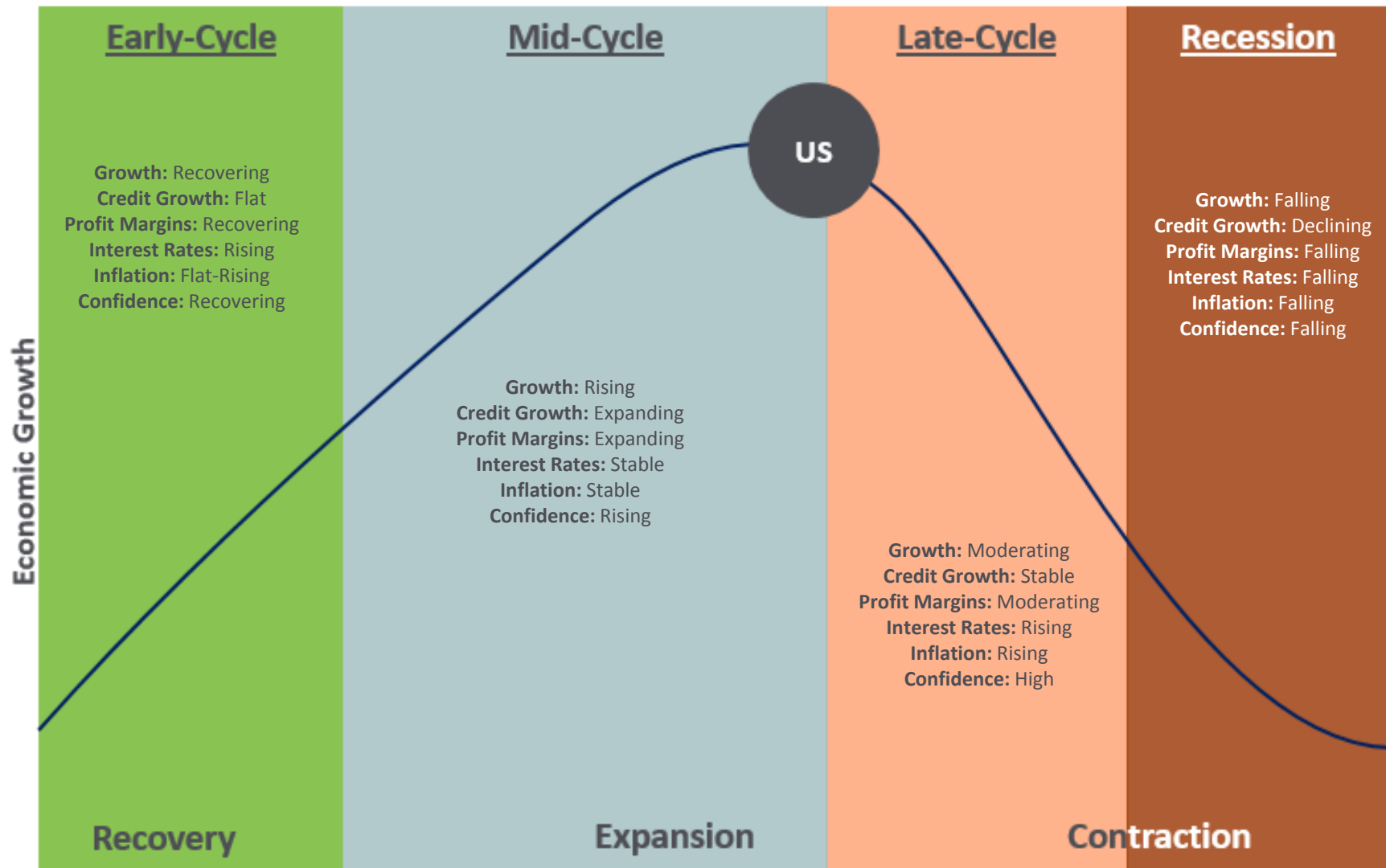


# ASSESSING THE KEY MARKET THEMES

## Current Temperature



# ECONOMIC CYCLES



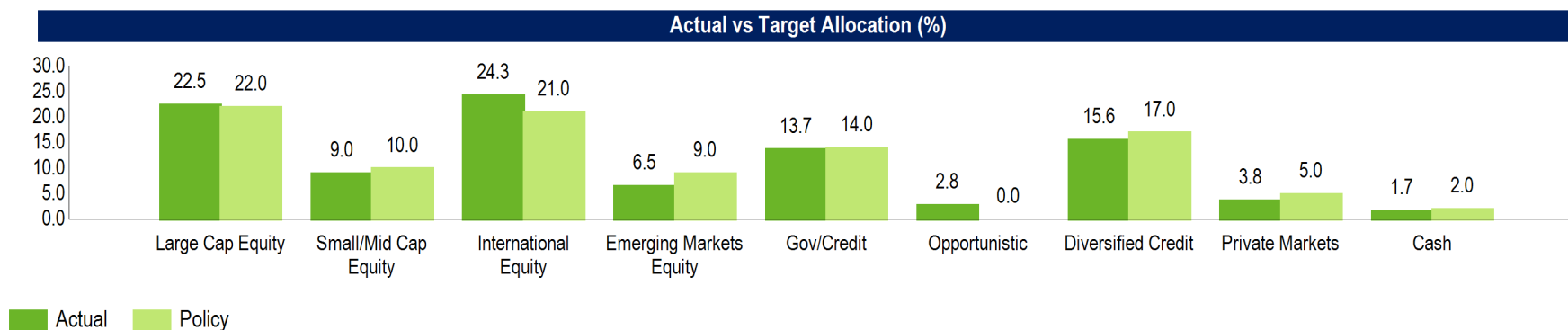
# **INVESTMENT PROGRAM REVIEW**

NEPC, LLC

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# 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
<b>Composite</b>	<b>\$197,342,238</b>	<b>-0.9%</b>	<b>99</b>	<b>13.1%</b>	<b>38</b>	<b>3.4%</b>	<b>52</b>	<b>8.6%</b>	<b>15</b>	<b>5.8%</b>	<b>58</b>	<b>6.7%</b>	<b>75</b>	<b>7.6%</b>	<b>60</b>
Allocation Index		0.2%	73	12.5%	52	2.6%	76	7.1%	77	5.4%	71	6.4%	83	6.6%	88
Policy Index		0.2%	73	12.6%	51	3.1%	56	7.6%	59	5.8%	58	6.7%	75	6.9%	83
InvMetrics All Endowment \$50mm-\$250mm Gross Median		0.4%		12.6%		3.5%		7.8%		6.1%		7.6%		7.9%	



## Total Fund Performance

- The Endowment returned ~~6.5~~ **6.5%** (gross of fees) during QH of 2019, ranking in the JJth percentile of the universe, ~ } å^! performing both the allocation and the policy index
  - Active management detracted 110 bps for the quarter, primarily coming from Sands, Brandywine, and Franklin Templeton
- Over the year-to-date, the Endowment returned 13.1% (gross of fees), ranking in the 38th percentile of the universe and outperforming both the allocation and policy index
- Over the ten year time horizon, the portfolio ranks in the top two thirds of peers

## Recent Decisions & Action Items

- Adopted updated asset allocation, hired Acadian Emerging Market Equity for a split mandate with RBC, chose to move short duration fixed income exposure to Stone Castle

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.



# DUE DILIGENCE MONITOR

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

Investment Strategy	Manager Changes/ Announcements (Recent Quarter)	NEPC Due Diligence Committee Recommendations
Breckenridge Treasury Index and Intermediate Sustainable Government Credit	Upgrade: Breckinridge - DD Upgrade 08/26/19	1. No Action
Cevian Capital II	New Series of Class A 10/19	1. No Action
MFS International Concentrated Equity	Other: Team Restructuring 10/21/19	1. No Action



# DUE DILIGENCE MONITOR

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

Investment Strategy	Commentary	NEPC Rating
Breckenridge Treasury Index and Intermediate Sustainable Government Credit	<p>Breckenridge was placed on WATCH in March 2018 following the retirement announcement of CIO David Madigan. This announcement came shortly after the Director of Credit Research, Neil Grabowski, left the firm. Given this was the second senior level departure within a year, NEPC Research felt it was advisable to monitor the situation closely to ensure there were no additional departures or other firm-level issues present.</p> <p>Laura Lake who joined Breckenridge in 2017 as Director of Investment Strategy, assumed the role of CIO in September 2018 after Mr. Madigan officially retired. In addition, Allyson Gerrish was hired in 2018 as a Portfolio Manager to help with the Portfolio Management responsibilities that Mr. Madigan had. NEPC Research is comfortable with how the transition has taken place over the last year and there has been no other team changes or departures since.</p>	NR
Cevian Capital II	<p>Cevian Capital Limited recently sent out a notification that introduces two important things for investors in Cevian Capital II:</p> <p>A new A Class Series for existing investors in Class A which will offer a modified liquidity schedule with four redemption windows (rolling 25% semi-annually). The existing share class provides for full redemption on a rolling 3 year anniversary. All these investors will have the option to either stay in the current class or exchange it for the new Class Series.</p> <p>A revised fee term that includes loyalty-based discount for management fees investors in all share classes and an introduction of a preferred rate of return for Class A.</p> <p>UUCEF has elected not to change share classes.</p>	1
MFS International Concentrated Equity	<p>MFS notified NEPC Research that they will be moving to a regional, co-CIO leadership structure across Asia, Europe and the Americas. Prior to this announcement portfolio managers reported into the Director of Equity, Kevin Beatty, and analysts reported into Director of Research and co-CIO Ted Maloney. As a result of these changes, The co-CIO leadership team will be: Simon Gresham and Jeanine Thompson for Asia, Christopher Jennings and David Shindler for Europe and Kevin Beatty and Alison O'Neill for the Americas. All six individuals are currently leaders within the Equity Division and have significant investment experience. They will report to Ted Maloney, MFS Chief Investment Officer, and will retain their current portfolio management responsibilities. The rationale here was to have representation of both portfolio management and research at the Co-CIO level as each pair has a director of equity and director of research. The analyst pool will remain global sector specialists. There are no material changes to portfolio management teams aside from these reporting lines. The growth of the equity team brought about this change and MFS wants to emphasize collaboration between portfolio management and research. NEPC is comfortable with this update and will monitor the structure and team for any additional changes.</p>	1



# DUE DILIGENCE MONITOR

## NEPC Due Diligence Status Key

<b>No Action</b>	Informational items have surfaced; no action is recommended.
<b>Watch</b>	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.
<b>Hold</b>	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.
<b>Client Review</b>	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.
<b>Terminate</b>	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

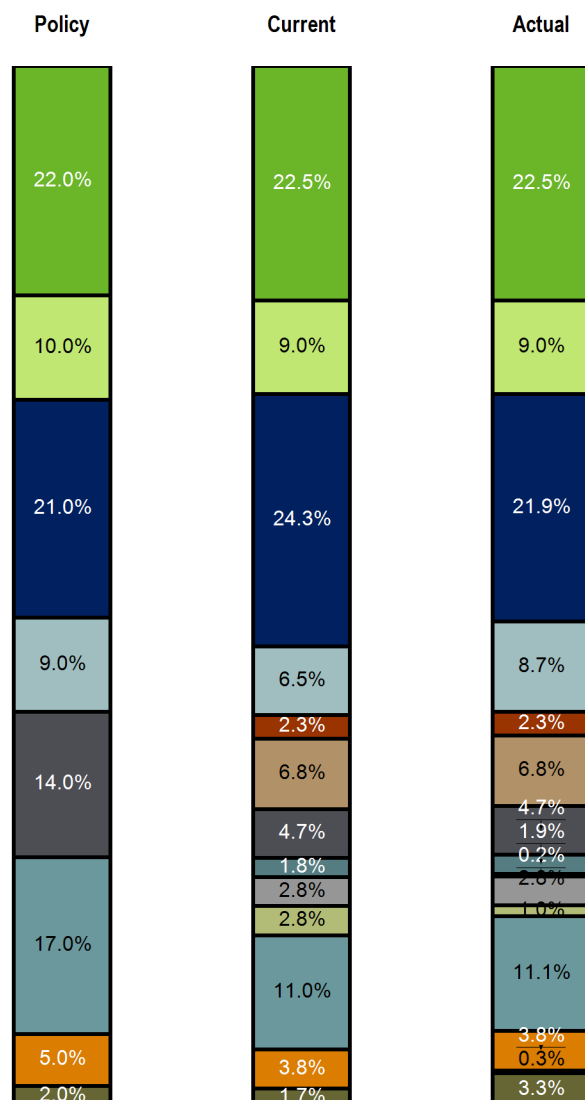
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# TOTAL FUND ASSET GROWTH SUMMARY

	Quarter Ending September 30, 2019					Ending Market Value
	Beginning Market Value	Contributions	Withdrawals	Net Cash Flow	Net Investment Change	
Baxter Street	\$11,733,900	\$0	\$0	\$0	-\$122,999	\$11,610,902
Boston Common	\$15,161,190	\$0	-\$5,994	-\$5,994	-\$241,926	\$14,913,269
Brandywine Global Opportunistic	\$10,764,095	\$0	\$0	\$0	-\$167,736	\$10,596,359
Breckinridge - Corporate	\$9,106,894	\$0	-\$524	-\$524	\$128,676	\$9,235,045
Breckinridge-Treasury	\$4,150,929	\$0	-\$246	-\$246	\$327,590	\$4,478,273
Brockton Capital Fund III	\$847,142	\$0	-\$7,487	-\$7,487	-\$5,508	\$834,147
Canvas Distressed Credit Fund	\$739,783	\$200,000	\$0	\$200,000	-\$33,813	\$905,970
Cash Account	\$2,297,294	\$7,282,125	-\$7,961,267	-\$679,141	\$37,155	\$1,655,308
Cevian Capital II	\$6,032,319	\$0	\$0	\$0	-\$153,618	\$5,878,701
Community Development	\$1,703,685	\$73,572	-\$867	\$72,705	\$4,193	\$1,780,582
Entrust Class X	\$550,392	\$0	\$0	\$0	-\$2,512	\$547,880
FEG Private Opportunities Fund	\$1,548,281	\$0	-\$90,000	-\$90,000	\$8,508	\$1,466,789
Fidelity Short Term Bond Index Fund	\$11,792,341	\$1,500,000	\$0	\$1,500,000	\$103,281	\$13,395,622
Franklin Templeton GMS	\$5,744,277	\$0	\$0	\$0	-\$199,930	\$5,544,347
Generation IM SS Fund III	\$254,712	\$0	\$0	\$0	-\$27,898	\$226,814
GMO Benchmark Free Allocation Fund	\$6,106,763	\$0	-\$1,000,000	-\$1,000,000	-\$73,622	\$5,033,141
HCAP Partners IV LP	\$453,292	\$186,696	\$0	\$186,696	\$7,598	\$647,586
Loomis Multi Sector	\$10,905,254	\$0	\$0	\$0	\$137,544	\$11,042,798
Loomis Sayles Strategic Alpha	\$3,650,705	\$0	-\$5,413	-\$5,413	\$0	\$3,645,292
MFS International Concentrated	\$15,608,503	\$0	\$0	\$0	-\$56,583	\$15,551,920
OCP Orchard Landmark	\$2,330,437	\$0	\$0	\$0	\$16,166	\$2,346,603
RBC Global Emerging Equity	\$13,594,573	\$0	\$0	\$0	-\$682,288	\$12,912,285
Rhumblin	\$22,043,381	\$0	-\$1,292	-\$1,292	\$507,754	\$22,549,843
Sands	\$22,949,808	\$0	-\$1,319	-\$1,319	-\$1,148,523	\$21,799,965
SJF Ventures	\$751,448	\$250,000	\$0	\$250,000	-\$19,678	\$981,770
WCM Investment Management	\$9,429,768	\$0	-\$540	-\$540	-\$423,216	\$9,006,012
Wellington SMID	\$8,547,774	\$0	\$0	\$0	\$207,241	\$8,755,015
<b>Total</b>	<b>\$198,798,940</b>	<b>\$9,492,393</b>	<b>-\$9,074,950</b>	<b>\$417,443</b>	<b>-\$1,874,146</b>	<b>\$197,342,238</b>



# TOTAL FUND ASSET ALLOCATION VS. POLICY



Asset Allocation vs. Target				
	Current	Policy	Current	Actual
Large Cap Equity	\$44,349,808	22.0%	22.5%	22.5%
Small/Mid Cap Equity	\$17,761,027	10.0%	9.0%	9.0%
International Equity	\$47,954,791	21.0%	24.3%	21.9%
Emerging Markets Equity	\$12,912,285	9.0%	6.5%	8.7%
Long Treasury	\$4,478,273	--	2.3%	2.3%
Short Duration Bonds	\$13,395,622	--	6.8%	6.8%
Gov/Credit	\$9,235,045	14.0%	4.7%	4.7%
Unconstrained Bonds	\$3,645,292	--	1.8%	1.9%
Emerging Market Debt	--	--	--	0.2%
Opportunistic Fixed Income	\$5,544,347	--	2.8%	2.8%
Opportunistic	\$5,581,021	--	2.8%	1.0%
Diversified Credit	\$21,639,156	17.0%	11.0%	11.1%
Private Markets	\$7,409,679	5.0%	3.8%	3.8%
Real Assets	--	--	--	0.3%
Cash	\$3,435,891	2.0%	1.7%	3.3%
<b>Total</b>	<b>\$197,342,238</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

Cash allocation includes community development.

- On a look through basis, Domestic Equity is 31.5% of the fund, International Equity is 21.9% of the fund, and Emerging Market Equity is 8.7% of the fund.

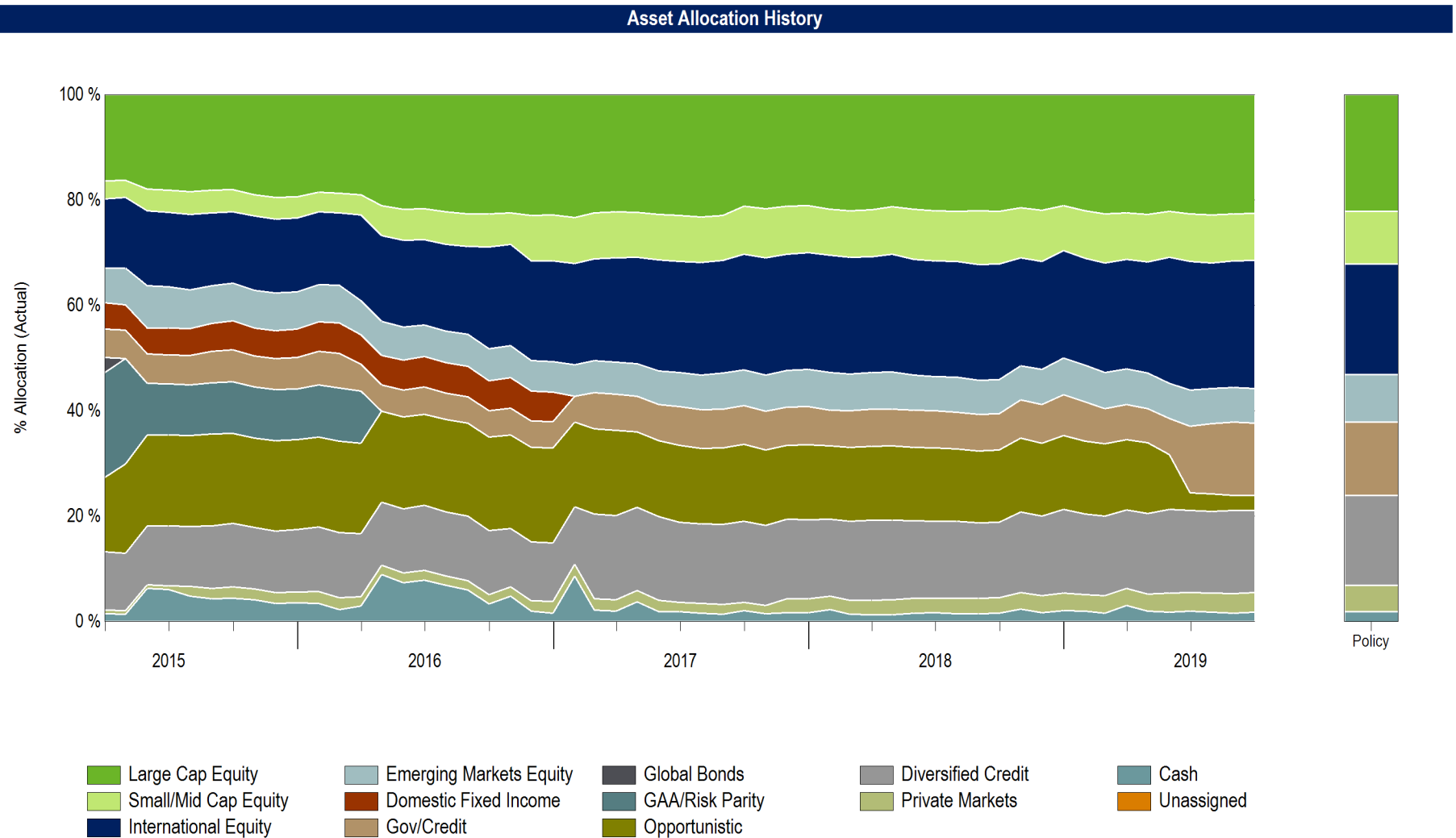
- Within the Opportunistic allocation, dedicated Hedge Fund exposure is 0.3%, GMO has an Absolute Return allocation in their fund, increasing hedge fund exposure to 1.0%.

- Overall Fixed Income exposure is 29.7%

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



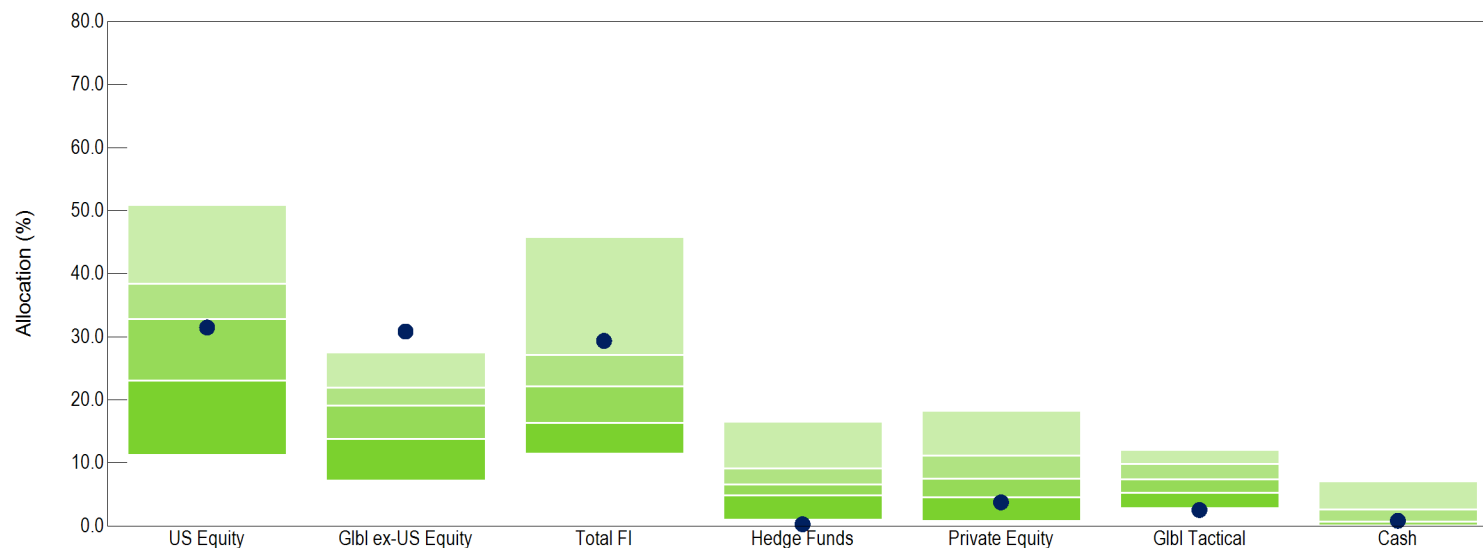
# TOTAL FUND ASSET ALLOCATION HISTORY





# TOTAL FUND ALLOCATIONS VS. PEER UNIVERSE

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



	Allocation (Rank)											
5th Percentile	50.9		27.5		45.8		16.6		18.3		12.1	
25th Percentile	38.5		22.1		27.2		9.2		11.3		9.9	
Median	32.9		19.2		22.3		6.7		7.6		7.5	
75th Percentile	23.2		13.9		16.5		5.0		4.7		5.3	
95th Percentile	11.4		7.3		11.6		1.1		0.9		2.9	
# of Portfolios	57		64		72		38		34		15	
• Composite	31.5	(53)	30.8	(2)	29.4	(20)	0.3	(99)	3.8	(82)	2.6	(99)

<b>UUA Net Asset Allocation</b>	31.5	30.6	29.7	1.0	3.8	0.2	3.3
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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
<b>Composite</b>	<b>197,342,238</b>	<b>100.0</b>	<b>100.0</b>	<b>-1.1</b>	<b>12.1</b>	<b>2.2</b>	<b>7.3</b>	<b>4.6</b>	<b>5.6</b>	<b>6.5</b>	<b>6.0</b>	<b>Jul-02</b>
Allocation Index				0.2	12.5	2.6	7.1	5.4	6.4	6.6	6.6	Jul-02
Policy Index				0.2	12.6	3.1	7.6	5.8	6.7	6.9	--	Jul-02
<b>Domestic Equity Composite</b>	<b>62,110,835</b>	<b>31.5</b>	<b>32.0</b>	<b>-1.5</b>	<b>19.4</b>	<b>0.5</b>	<b>13.1</b>	<b>10.0</b>	<b>12.9</b>	<b>14.2</b>	<b>10.2</b>	<b>Jul-02</b>
Russell 3000				1.2	20.1	2.9	12.8	10.4	13.0	13.1	9.0	Jul-02
<b>Large Cap Equity</b>	<b>44,349,808</b>	<b>22.5</b>	<b>22.0</b>	<b>-1.5</b>	<b>20.0</b>	<b>2.9</b>	<b>14.5</b>	<b>10.7</b>	<b>13.6</b>	<b>--</b>	<b>14.1</b>	<b>Jul-12</b>
Russell 1000				1.4	20.5	3.9	13.2	10.6	13.2	13.2	13.7	Jul-12
Rhumblin	22,549,843	11.4	12.0	2.3	19.8	6.8	11.5	9.4	12.4	12.2	7.6	Aug-05
Russell 1000 Value				1.4	17.8	4.0	9.4	7.8	11.3	11.5	7.2	Aug-05
Sands	21,799,965	11.0	10.0	-5.2	20.2	-0.8	17.1	11.6	14.5	16.9	11.9	Dec-03
Russell 1000 Growth				1.5	23.3	3.7	16.9	13.4	15.0	14.9	9.9	Dec-03
<b>Small/Mid Cap Equity</b>	<b>17,761,027</b>	<b>9.0</b>	<b>10.0</b>	<b>-1.3</b>	<b>17.9</b>	<b>-4.9</b>	<b>9.5</b>	<b>8.1</b>	<b>10.7</b>	<b>--</b>	<b>11.2</b>	<b>Jul-12</b>
Russell 2000				-2.4	14.2	-8.9	8.2	8.2	10.4	11.2	10.8	Jul-12
Wellington SMID	8,755,015	4.4	5.0	2.2	18.4	-2.4	7.2	--	--	--	7.8	Apr-16
Russell 2500 Value				0.1	15.4	-4.4	6.9	7.0	10.1	11.0	9.0	Apr-16
WCM Investment Management	9,006,012	4.6	5.0	-4.5	17.4	-7.2	--	--	--	--	5.5	Jan-18
Russell 2000 Growth				-4.2	15.3	-9.6	9.8	9.1	11.4	12.2	2.6	Jan-18
<b>International Equity Composite</b>	<b>60,867,076</b>	<b>30.8</b>	<b>30.0</b>	<b>-2.1</b>	<b>14.3</b>	<b>2.9</b>	<b>8.2</b>	<b>3.9</b>	<b>5.2</b>	<b>3.8</b>	<b>5.8</b>	<b>Jul-02</b>
MSCI ACWI ex USA				-1.8	11.6	-1.2	6.3	2.9	5.0	4.5	6.4	Jul-02
<b>International Equity</b>	<b>47,954,791</b>	<b>24.3</b>	<b>21.0</b>	<b>-1.3</b>	<b>16.5</b>	<b>2.6</b>	<b>8.7</b>	<b>4.9</b>	<b>6.4</b>	<b>--</b>	<b>7.1</b>	<b>Jul-12</b>
MSCI EAFE				-1.1	12.8	-1.3	6.5	3.3	6.1	4.9	6.9	Jul-12
MFS International Concentrated	15,551,920	7.9	6.5	-0.6	19.5	5.0	11.5	6.7	--	--	6.8	Apr-13
MSCI EAFE				-1.1	12.8	-1.3	6.5	3.3	6.1	4.9	4.8	Apr-13
Boston Common	14,913,269	7.6	6.5	-1.6	12.4	-2.3	5.8	3.5	5.6	--	5.0	May-10
MSCI EAFE				-1.1	12.8	-1.3	6.5	3.3	6.1	4.9	5.1	May-10
Baxter Street	11,610,902	5.9	5.0	-1.0	21.7	9.8	10.6	--	--	--	11.1	Apr-16
MSCI ACWI ex USA				-1.8	11.6	-1.2	6.3	2.9	5.0	4.5	7.2	Apr-16
Cevian Capital II	5,878,701	3.0	3.0	-2.5	7.6	-9.9	4.3	--	--	--	1.6	May-15
HFRX Event Driven Index				1.7	4.3	-2.5	0.5	-0.8	1.6	1.5	-0.1	May-15
MSCI EAFE				-1.1	12.8	-1.3	6.5	3.3	6.1	4.9	2.5	May-15



# 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
<b>Emerging Market Equity</b>	<b>12,912,285</b>	<b>6.5</b>	<b>9.0</b>	<b>-5.0</b>	<b>7.3</b>	<b>3.5</b>	<b>6.4</b>	<b>1.3</b>	<b>1.9</b>	<b>--</b>	<b>2.8</b>	<b>Jul-12</b>
MSCI Emerging Markets				-4.2	5.9	-2.0	6.0	2.3	2.4	3.4	3.4	Jul-12
RBC Global Emerging Equity	12,912,285	6.5	4.5	-5.0	7.3	3.5	6.2	--	--	--	7.3	Jul-16
MSCI Emerging Markets				-4.2	5.9	-2.0	6.0	2.3	2.4	3.4	8.3	Jul-16
Acadian Emerging Markets Equity Fund			4.5									
<b>Fixed Income Composite</b>	<b>57,937,736</b>	<b>29.4</b>	<b>31.0</b>	<b>0.5</b>	<b>6.5</b>	<b>7.0</b>	<b>3.0</b>	<b>2.7</b>	<b>2.7</b>	<b>4.6</b>	<b>4.4</b>	<b>Jul-02</b>
BBgBarc US Aggregate TR				2.3	8.5	10.3	2.9	3.4	2.7	3.7	4.5	Jul-02
<b>High Quality Fixed Income</b>	<b>27,108,940</b>	<b>13.7</b>	<b>14.0</b>	<b>2.1</b>	<b>9.0</b>	<b>11.4</b>	<b>3.4</b>	<b>3.3</b>	<b>--</b>	<b>--</b>	<b>3.3</b>	<b>Oct-14</b>
BBgBarc US Aggregate TR				2.3	8.5	10.3	2.9	3.4	2.7	3.7	3.4	Oct-14
Breckinridge-Treasury	4,478,273	2.3	2.0	7.9	19.7	24.7	--	--	--	--	8.5	Mar-17
BBgBarc US Treasury Long TR				7.9	19.8	24.8	4.1	6.8	4.8	6.9	9.1	Mar-17
Breckinridge - Corporate	9,235,045	4.7	5.0	1.4	6.7	8.3	2.6	--	--	--	2.8	Nov-14
BBgBarc US Govt/Credit Int TR				1.4	6.4	8.2	2.4	2.7	2.1	3.0	2.6	Nov-14
Fidelity Short Term Bond Index Fund	13,395,622	6.8	7.0	0.8	--	--	--	--	--	--	0.8	Jul-19
BBgBarc US Treasury 1-5 Yr TR				0.8	3.9	5.7	1.6	1.7	1.3	1.7	0.8	Jul-19
<b>Flexible Fixed Income</b>	<b>30,828,796</b>	<b>15.6</b>	<b>17.0</b>	<b>-0.9</b>	<b>4.9</b>	<b>4.5</b>	<b>3.0</b>	<b>2.3</b>	<b>2.4</b>	<b>--</b>	<b>2.9</b>	<b>Jul-12</b>
BBgBarc US Aggregate TR				2.3	8.5	10.3	2.9	3.4	2.7	3.7	2.8	Jul-12
Brandywine Global Opportunistic	10,596,359	5.4	6.0	-1.7	4.9	3.6	--	--	--	--	3.1	Mar-17
FTSE WGBI TR				0.8	6.3	8.1	1.2	1.8	0.6	1.7	4.4	Mar-17
Loomis Multi Sector	11,042,798	5.6	6.0	1.1	8.8	8.0	--	--	--	--	4.8	Mar-17
BBgBarc US Govt/Credit TR				2.6	9.7	11.3	3.2	3.6	2.9	3.9	4.6	Mar-17
Franklin Templeton GMS	5,544,347	2.8	5.0	-3.6	-0.8	1.1	--	--	--	--	-0.2	Mar-17
BBgBarc Multiverse				0.6	6.5	7.5	1.8	2.1	1.4	2.5	4.2	Mar-17
Loomis Sayles Strategic Alpha	3,645,292	1.8	0.0	-0.1	3.3	2.2	2.6	2.1	--	--	2.1	Aug-14
BBgBarc US Aggregate TR				2.3	8.5	10.3	2.9	3.4	2.7	3.7	3.4	Aug-14
3-Month LIBOR + 3%				1.3	4.1	5.6	5.0	4.4	4.1	3.9	4.3	Aug-14
<b>Opportunistic Investments</b>	<b>5,581,021</b>	<b>2.8</b>	<b>0.0</b>	<b>-1.2</b>	<b>8.4</b>	<b>0.6</b>	<b>4.1</b>	<b>2.1</b>	<b>3.2</b>	<b>--</b>	<b>--</b>	<b>Jan-08</b>
CPI + 5% (Unadjusted)				1.5	6.0	6.8	7.2	6.6	6.6	6.8	6.8	Jan-08
GMO Benchmark Free Allocation Fund	5,033,141	2.6	0.0	-1.3	7.3	2.7	4.3	2.4	3.7	4.7	3.9	Jan-08
65% MSCI ACWI (Net) / 35% BBgBarc Aggregate				0.8	13.7	4.8	7.5	5.7	6.8	7.0	4.6	Jan-08
CPI + 5% (Unadjusted)				1.5	6.0	6.8	7.2	6.6	6.6	6.8	6.8	Jan-08
Entrust Class X	547,880	0.3	0.0	-0.5	-3.7	-4.5	--	--	--	--	-3.9	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
<b>Private Markets</b>	<b>7,409,679</b>	<b>3.8</b>	<b>5.0</b>	<b>-0.7</b>	<b>4.0</b>	<b>5.2</b>	<b>9.9</b>	<b>7.4</b>	<b>--</b>	<b>--</b>	<b>7.9</b>	<b>May-14</b>
Private Markets Custom Benchmark				0.2	8.9	6.7	14.4	11.7	--	--	12.4	May-14
OCP Orchard Landmark	2,346,603	1.2		0.7	4.7	5.8	--	--	--	--	8.7	Nov-17
JP Morgan Corporate EMBI Broad TR USD				2.0	11.0	11.5	5.4	5.4	4.9	6.3	5.1	Nov-17
FEG Private Opportunities Fund	1,466,789	0.7										
Brockton Capital Fund III	834,147	0.4										
SJF Ventures	981,770	0.5										
Canvas Distressed Credit Fund	905,970	0.5										
HCAP Partners IV LP	647,586	0.3										
Generation IM SS Fund III	226,814	0.1										
<b>Community Development</b>	<b>1,780,582</b>	<b>0.9</b>	<b>1.0</b>	<b>0.2</b>	<b>1.4</b>	<b>1.7</b>	<b>1.3</b>	<b>1.2</b>	<b>1.2</b>	<b>1.4</b>	<b>1.6</b>	<b>Jul-07</b>
91 Day T-Bills				0.5	1.7	2.3	1.5	1.0	0.7	0.5	0.7	Jul-07
<b>Cash and Other</b>	<b>1,655,308</b>	<b>0.8</b>	<b>1.0</b>									

- 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 \$1,167,208 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

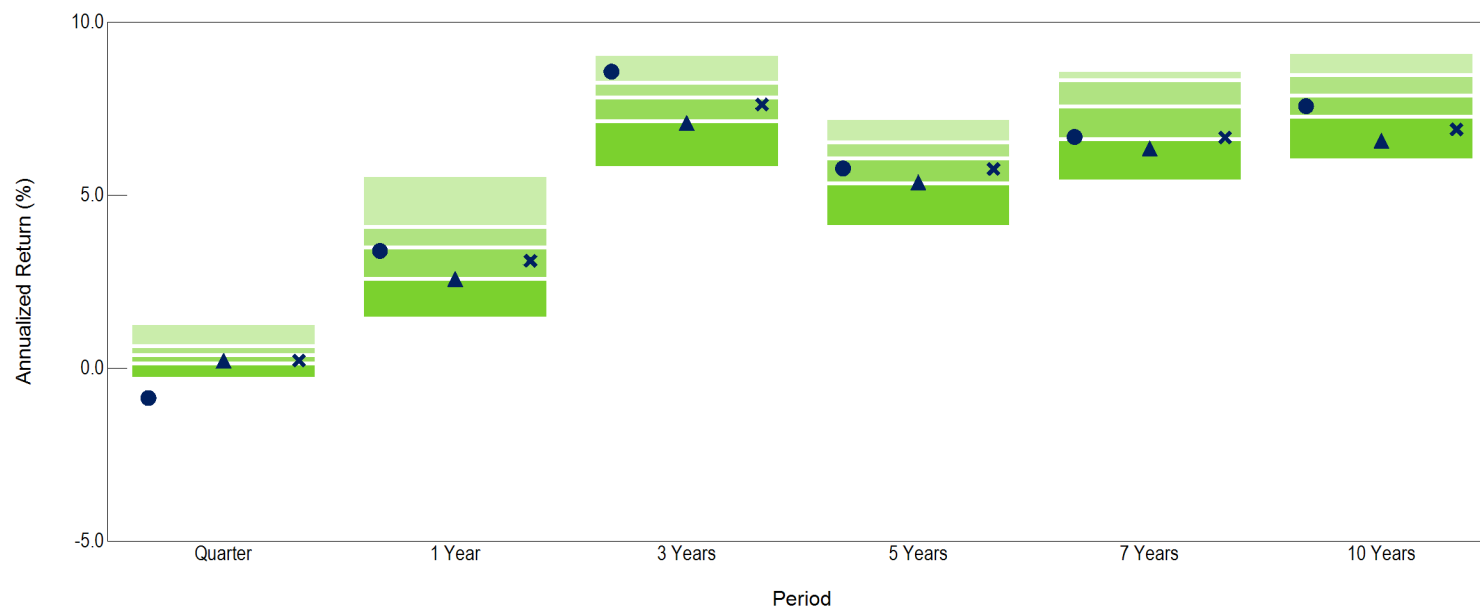
Investments		Commitments		Contributions & Distributions			Valuations			Performance		
Investment Name	Vintage Year	Commitment	Unfunded Commitment	Paid In Capital	Additional Fees	Cumulative Distributions	Valuation	Total Value	Net Benefit	DPI	TVPI	IRR
<b>Private Debt</b>												
Canvas Distressed Credit Fund, L.P.	2018	\$2,000,000	\$1,244,163	\$755,837	\$17,561	\$0	\$755,548	\$755,548	-\$17,850	0.00	0.98	-3.09%
<b>Total Private Debt</b>		<b>\$2,000,000</b>	<b>\$1,244,163</b>	<b>\$755,837</b>	<b>\$17,561</b>	<b>\$0</b>	<b>\$755,548</b>	<b>\$755,548</b>	<b>-\$17,850</b>	<b>0.00</b>	<b>0.98</b>	<b>-3.09%</b>
<b>Private Equity</b>												
FEG Private Opportunities Fund, L.P.	2012	\$2,000,000	\$103,000	\$1,897,000	\$2,707	\$1,072,647	\$1,556,789	\$2,629,436	\$729,729	0.56	1.38	8.57%
Generation IM Sustainable Solutions Fund III (A), L.P.	2019	\$2,000,000	\$1,750,000	\$250,000	\$4,712	\$0	\$226,814	\$226,814	-\$27,898	0.00	0.89	-10.95%
HCAP Partners IV, L.P.	2019	\$2,000,000	\$1,495,786	\$504,214	\$7,108	\$0	\$460,890	\$460,890	-\$50,432	0.00	0.90	-11.94%
SJF Ventures IV, L.P.	2016	\$2,500,000	\$1,750,000	\$750,000	\$0	\$0	\$731,770	\$731,770	-\$18,230	0.00	0.98	-1.58%
<b>Total Private Equity</b>		<b>\$8,500,000</b>	<b>\$5,098,786</b>	<b>\$3,401,214</b>	<b>\$14,527</b>	<b>\$1,072,647</b>	<b>\$2,976,263</b>	<b>\$4,048,910</b>	<b>\$633,169</b>	<b>0.31</b>	<b>1.19</b>	<b>6.68%</b>
<b>Real Estate</b>												
Brockton Capital Fund III, L.P.	2015	\$4,426,489	\$1,018,443	\$3,408,045	\$16,095	\$3,020,346	\$835,967	\$3,856,313	\$432,172	0.88	1.13	7.70%
<b>Total Real Estate</b>		<b>\$4,426,489</b>	<b>\$1,018,443</b>	<b>\$3,408,045</b>	<b>\$16,095</b>	<b>\$3,020,346</b>	<b>\$835,967</b>	<b>\$3,856,313</b>	<b>\$432,172</b>	<b>0.88</b>	<b>1.13</b>	<b>7.70%</b>
<b>Total</b>		<b>\$14,926,489</b>	<b>\$7,361,392</b>	<b>\$7,565,096</b>	<b>\$48,183</b>	<b>\$4,092,993</b>	<b>\$4,567,778</b>	<b>\$8,660,771</b>	<b>\$1,047,491</b>	<b>0.54</b>	<b>1.14</b>	<b>6.73%</b>

- **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	1.3		5.6		9.1		7.2		8.6		9.1	
25th Percentile	0.7		4.1		8.3		6.5		8.3		8.5	
Median	0.4		3.5		7.8		6.1		7.6		7.9	
75th Percentile	0.1		2.6		7.1		5.3		6.6		7.3	
95th Percentile	-0.3		1.4		5.8		4.1		5.4		6.0	
# of Portfolios	78		77		72		65		49		46	
● Composite	-0.9	(99)	3.4	(52)	8.6	(15)	5.8	(58)	6.7	(75)	7.6	(60)
▲ Allocation Index	0.2	(73)	2.6	(76)	7.1	(77)	5.4	(71)	6.4	(83)	6.6	(88)
× Policy Index	0.2	(73)	3.1	(56)	7.6	(59)	5.8	(58)	6.7	(75)	6.9	(83)

# TOTAL FUND RETURN VS PEER UNIVERSE - GROSS

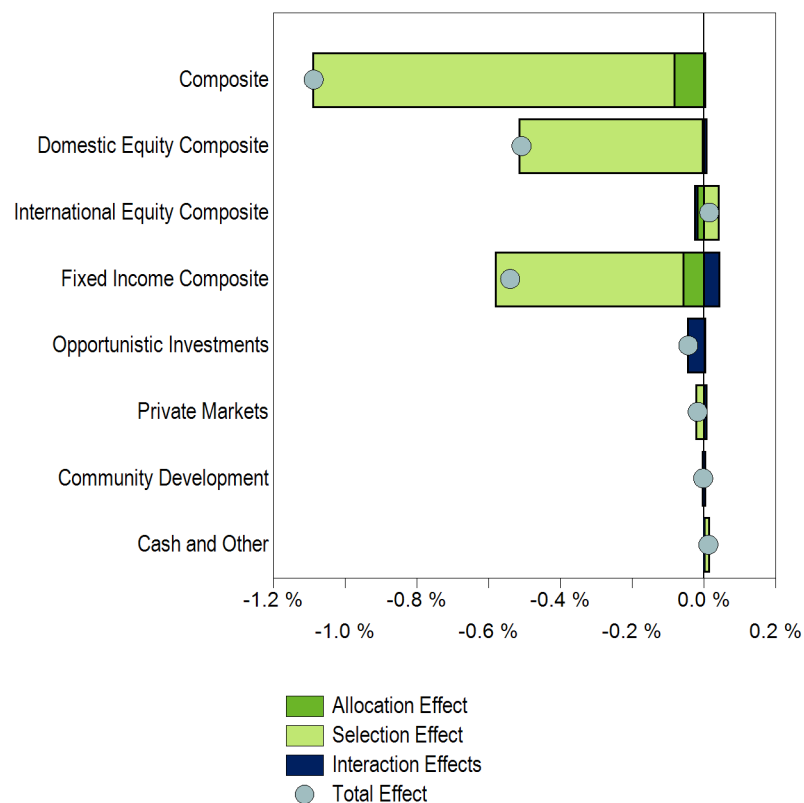
Composite vs. InvMetrics All Endowment \$50mm-\$250mm Gross



		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	-5.7 (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 September 30, 2019



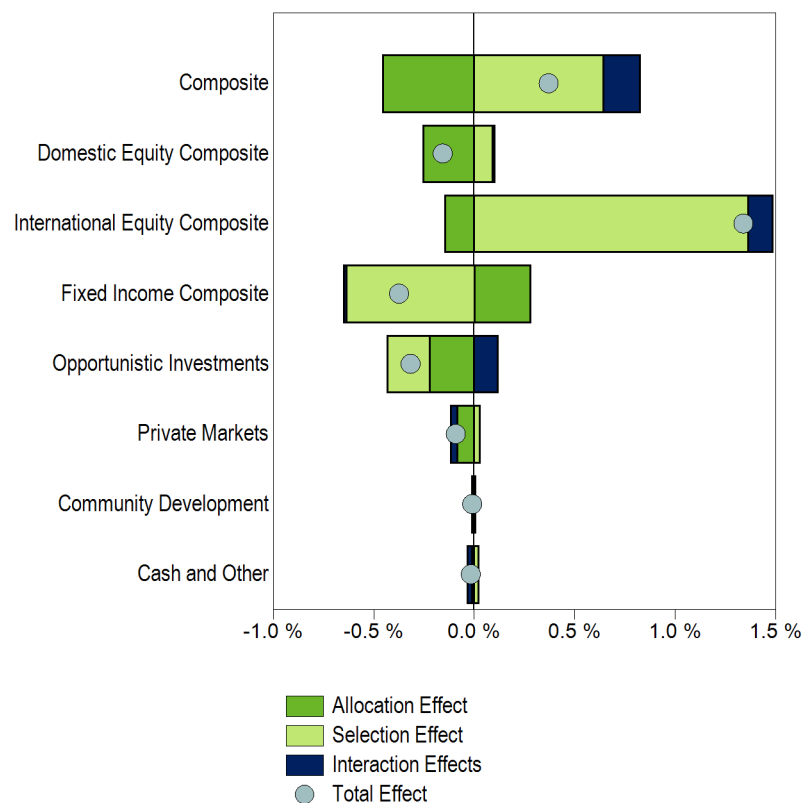
**Attribution Summary**  
3 Months Ending September 30, 2019

	Policy Weight	Wtd. Actual Return	Wtd. Index Return	Excess Return	Selection Effect	Allocation Effect	Interaction Effects	Total Effects
Domestic Equity Composite	32.0%	-1.4%	0.2%	-1.6%	-0.5%	0.0%	0.0%	-0.5%
International Equity Composite	30.0%	-1.9%	-2.0%	0.2%	0.0%	0.0%	0.0%	0.0%
Fixed Income Composite	31.0%	0.6%	2.3%	-1.7%	-0.5%	-0.1%	0.0%	-0.5%
Opportunistic Investments	0.0%	-1.1%	0.1%	-1.2%	0.0%	0.0%	0.0%	0.0%
Private Markets	5.0%	-0.2%	0.2%	-0.4%	0.0%	0.0%	0.0%	0.0%
Community Development	1.0%	0.2%	0.5%	-0.3%	0.0%	0.0%	0.0%	0.0%
Cash and Other	1.0%	1.5%	0.5%	1.0%	0.0%	0.0%	0.0%	0.0%
<b>Total</b>	<b>100.0%</b>	<b>-0.9%</b>	<b>0.2%</b>	<b>-1.1%</b>	<b>-1.0%</b>	<b>-0.1%</b>	<b>0.0%</b>	<b>-1.1%</b>



# TOTAL FUND ATTRIBUTION ANALYSIS - GROSS

**Attribution Effects**  
1 Year Ending September 30, 2019

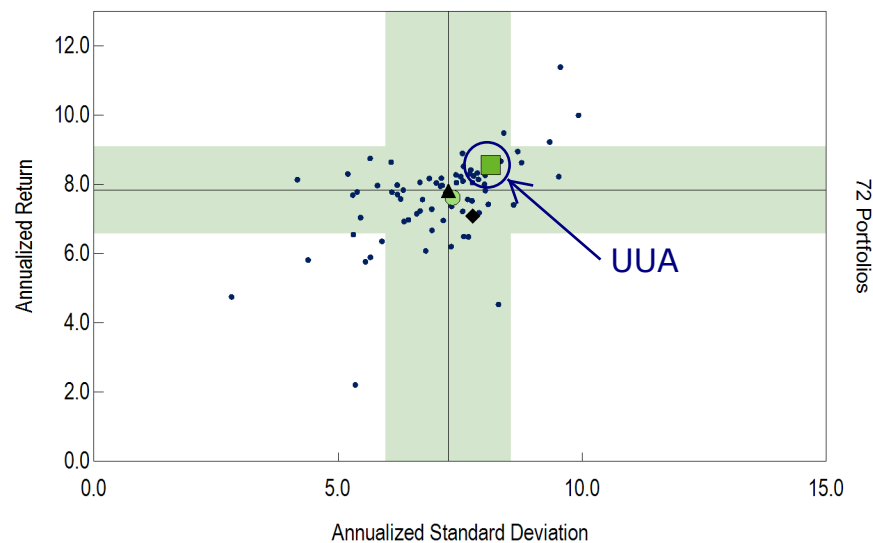


**Attribution Summary**  
1 Year Ending September 30, 2019

	Policy Weight	Wtd. Actual Return	Wtd. Index Return	Excess Return	Selection Effect	Allocation Effect	Interaction Effects	Total Effects
Domestic Equity Composite	29.0%	1.0%	0.6%	0.4%	0.1%	-0.2%	0.0%	-0.1%
International Equity Composite	25.0%	3.9%	-1.5%	5.3%	1.4%	-0.2%	0.1%	1.3%
Fixed Income Composite	20.0%	7.5%	10.1%	-2.6%	-0.6%	0.1%	0.0%	-0.5%
Opportunistic Investments	20.0%	1.2%	2.6%	-1.3%	-0.2%	-0.1%	0.1%	-0.3%
Private Markets	5.0%	7.4%	6.7%	0.7%	0.0%	-0.1%	0.0%	-0.1%
Community Development	1.0%	1.7%	2.3%	-0.6%	0.0%	0.0%	0.0%	0.0%
Cash and Other	0.0%	0.5%	2.3%	-1.7%	0.0%	0.0%	-0.1%	-0.1%
<b>Total</b>	<b>100.0%</b>	<b>3.4%</b>	<b>3.1%</b>	<b>0.3%</b>	<b>0.6%</b>	<b>-0.5%</b>	<b>0.1%</b>	<b>0.3%</b>

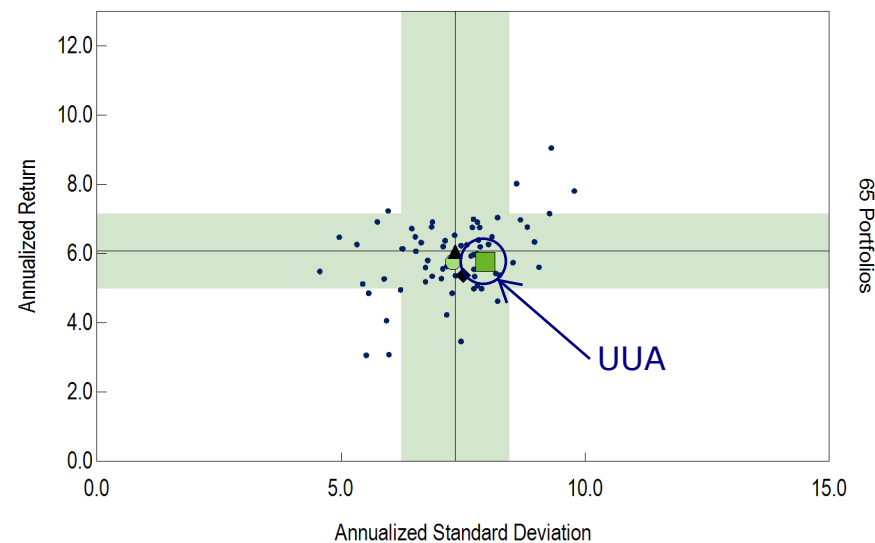
# TOTAL FUND RISK/RETURN - GROSS

3 Years Ending September 30, 2019



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

5 Years Ending September 30, 2019



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

3 Years Ending September 30, 2019

	Anlzd Ret	Rank	Anlzd Std Dev	Rank	Sharpe Ratio	Rank	Info Ratio	Rank
Composite	8.57%	15	8.13%	86	0.86	49	1.04	7
Allocation Index	7.09%	77	7.76%	73	0.71	89	--	--
Policy Index	7.62%	59	7.35%	53	0.83	67	0.86	11
InvMetrics All Endowment \$50mm-\$250mm Gross Median	7.83%	--	7.26%	--	0.86	--	0.41	--

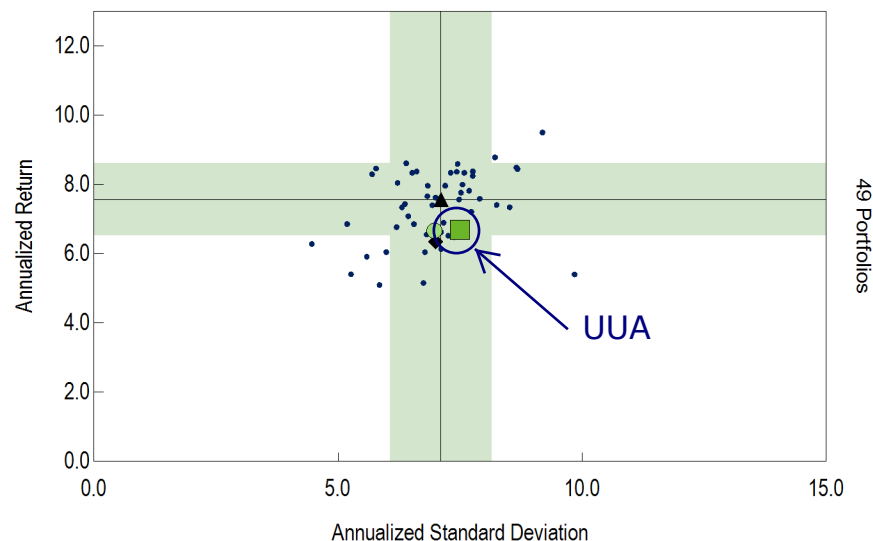
5 Years Ending September 30, 2019

	Anlzd Ret	Rank	Anlzd Std Dev	Rank	Sharpe Ratio	Rank	Info Ratio	Rank
Composite	5.77%	58	7.95%	78	0.60	73	0.28	52
Allocation Index	5.37%	71	7.51%	54	0.59	77	--	--
Policy Index	5.76%	58	7.30%	48	0.66	59	0.75	10
InvMetrics All Endowment \$50mm-\$250mm Gross Median	6.07%	--	7.34%	--	0.69	--	0.29	--



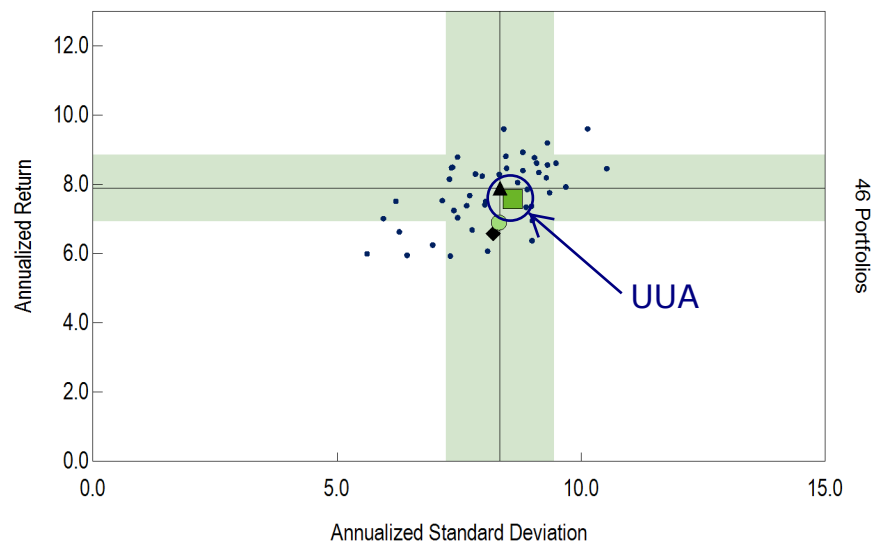
# TOTAL FUND RISK/RETURN - GROSS

7 Years Ending September 30, 2019



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

10 Years Ending September 30, 2019



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

7 Years Ending September 30, 2019								
	Anlzd Ret	Rank	Anlzd Std Dev	Rank	Sharpe Ratio	Rank	Info Ratio	Rank
Composite	6.68%	75	7.50%	70	0.80	87	0.25	55
Allocation Index	6.36%	83	7.00%	48	0.81	85	--	--
Policy Index	6.67%	75	6.97%	48	0.85	78	0.56	14
InvMetrics All Endowment \$50mm-\$250mm Gross Median	7.57%	--	7.11%	--	0.97	--	0.30	--

10 Years Ending September 30, 2019								
	Anlzd Ret	Rank	Anlzd Std Dev	Rank	Sharpe Ratio	Rank	Info Ratio	Rank
Composite	7.57%	60	8.60%	60	0.82	79	0.74	9
Allocation Index	6.58%	88	8.20%	48	0.74	94	--	--
Policy Index	6.90%	83	8.32%	49	0.77	86	0.51	19
InvMetrics All Endowment \$50mm-\$250mm Gross Median	7.90%	--	8.34%	--	0.89	--	0.22	--



# 2020 WORKPLAN

NEPC, LLC

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# 2019 REVIEW

Date	Description of Events	Complete
<b>February 2019 Meeting</b>	<ul style="list-style-type: none"> <li>• Market update and performance review</li> <li>• Discussed NEPC market themes and opportunities for 2019</li> <li>• Asset allocation review</li> </ul>	✓
<b>May 2019 Call</b>	<ul style="list-style-type: none"> <li>• Approved moving to new asset allocation targets, eliminate opportunistic target and reallocate to private markets, public equity, and fixed income</li> </ul>	✓
<b>May 2019 Meeting</b>	<ul style="list-style-type: none"> <li>• Market update and performance review</li> <li>• Reviewed implementation work plan for new asset allocation</li> <li>• Reviewed recommendation to introduce Acadian as a complement to RBC in emerging markets equity</li> <li>• Approved interim allocation to passive short duration manager until replacement could be identified</li> </ul>	✓
<b>August 2019 Meeting</b>	<ul style="list-style-type: none"> <li>• Market update and performance review</li> <li>• Interviewed and hired Acadian</li> <li>• Reviewed flexible income managers and approved liquidation of Loomis Sayles Strategic Alpha, with remaining exposure divided equally between Franklin Templeton, Loomis Multi-Sector, and Brandywine</li> </ul>	✓
<b>October 2019 Call</b>	<ul style="list-style-type: none"> <li>• Interviewed StoneCastle for short duration fixed income mandate</li> <li>• Elected not to move to new Cevian fee class in order to maintain liquidity</li> </ul>	✓
<b>November 2019 Meeting</b>	<ul style="list-style-type: none"> <li>• Market update and performance review</li> <li>• Review of impact global equity opportunities and Ownership recommendation</li> <li>• Review of Pontifax, a private equity opportunity</li> <li>• Discussion of 2020 Workplan</li> <li>• Review of screening criteria</li> </ul>	



# 2020 WORKPLAN

Date	Description of Events	Complete
<b>February 2020 Meeting</b>	<ul style="list-style-type: none"> <li>• Market update and performance review</li> <li>• Discuss NEPC market themes and opportunities for 2020</li> <li>• Annual asset allocation study</li> <li>• Review relevant private equity opportunities</li> </ul>	
<b>May 2020 Meeting</b>	<ul style="list-style-type: none"> <li>• Market update and performance review</li> <li>• Annual private equity pacing plan</li> <li>• Review relevant private equity opportunities</li> </ul>	
<b>August 2020 Meeting</b>	<ul style="list-style-type: none"> <li>• Market update and performance review</li> <li>• Annual IPS Review</li> <li>• Review relevant private equity opportunities</li> </ul>	
<b>November 2020 Meeting</b>	<ul style="list-style-type: none"> <li>• Market update and performance review</li> <li>• Discussion of 2021 Workplan</li> <li>• Review relevant private equity opportunities</li> </ul>	



# APPENDIX

NEPC, LLC

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# GLOSSARY OF TERMS

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

Measurement	Description	Equation
<b>Policy Target</b>	Measures policy allocation decisions.	= TARGET ASSET WEIGHTS X INDEX RETURNS
<b>Allocation Index</b>	Measures actual allocation decisions. Deviations from the policy target can be derived. (Allocation Index – Policy Index)	= ACTUAL ASSET WEIGHTS X INDEX RETURNS
<b>Composite (Total Return)</b>	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
<b>Allocation Effect</b>	Measure the effects of overweighting or underweighting managers and asset classes.	= (ACTUAL MANAGER WEIGHT – POLICY TARGET WEIGHT) X POLICY INDEX RETURN
<b>Selection Effect</b>	Measures the managers' ability to add excess return relative to the policy index.	= (ACTUAL MANAGER RETURN – INDEX RETURN) X POLICY TARGET WEIGHT
<b>Interaction Effect</b>	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.
- This report is provided as a management aid for the client's internal use only. Information contained in this report does not constitute a recommendation by NEPC.
- 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.

