



UUCEF, LLC Investor Call

March 19, 2020

2pm Eastern

Presenters:

Kathleen Gaffney, Chair, UUA Investment Committee

Kathy Mulvey, Chair, UUA Socially Responsible Investment Committee

Andrew McGeorge, UUA Treasurer and CFO

Call 800-617-4268 (US toll free)

Passcode: 73886534#

Press *6 to mute/unmute

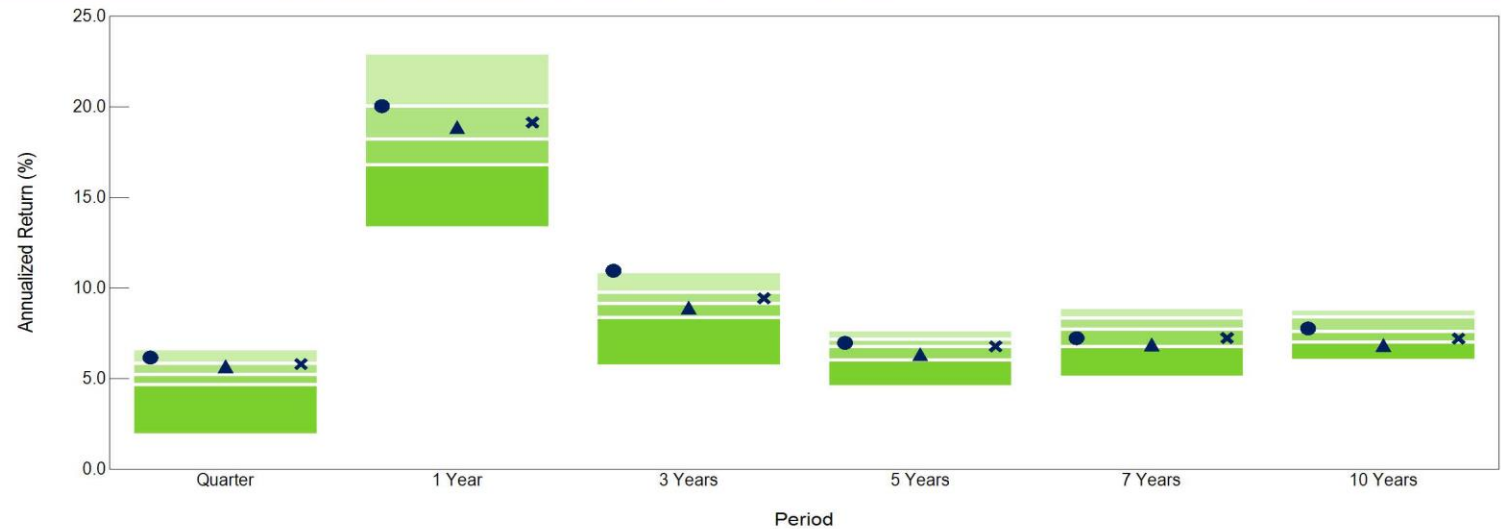


Agenda

- Performance Review as of December 31, 2019
- Performance Update as of February 29, 2020
- February 19th Investment Committee and Socially Responsible Investment Committee meeting review
- Questions and Answers

TOTAL FUND RETURN VS PEER UNIVERSE - GROSS as of December 31, 2019

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



	Return (Rank)											
5th Percentile	6.6		23.0		10.9		7.7		8.9		8.8	
25th Percentile	5.8		20.1		9.8		7.2		8.3		8.4	
Median	5.2		18.2		9.2		6.8		7.8		7.6	
75th Percentile	4.7		16.8		8.4		6.0		6.8		7.0	
95th Percentile	1.9		13.3		5.7		4.6		5.1		6.0	
# of Portfolios	68		65		63		58		48		43	
● Composite	6.2	(15)	20.0	(27)	11.0	(4)	7.0	(39)	7.2	(60)	7.8	(46)
▲ Allocation Index	5.7	(32)	18.9	(45)	8.9	(61)	6.3	(71)	6.9	(71)	6.8	(81)
× Policy Index	5.8	(27)	19.1	(41)	9.4	(38)	6.8	(51)	7.2	(59)	7.2	(66)



UNITARIAN UNIVERSALIST COMMON ENDOWMENT FUND

UNITARIAN UNIVERSALIST ASSOCIATION

As of February 29, 2020

	Market Value (\$)	% of Portfolio	Policy %	1 Mo (%)	YTD (%)	Fiscal YTD (%)	1 Yr (%)	3 Yrs (%)	4 Yrs (%)	5 Yrs (%)	7 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
Composite (Gross)	196,385,376	100.0	100.0	-4.3	-4.9	0.1	4.9	7.7	9.3	5.2	6.1	7.3	7.0	Jul-02
Allocation Index				-4.4	-4.9	0.7	5.0	5.8	8.0	4.7	5.7	6.3	6.5	Jul-02
Policy Index				-4.5	-5.0	0.8	5.2	6.3	8.5	5.1	6.0	6.8	--	Jul-02
Composite (Net)	196,385,376	100.0	100.0	-4.4	-5.0	-0.6	3.8	6.5	8.1	4.1	5.0	6.2	5.9	Jul-02
Allocation Index				-4.4	-4.9	0.7	5.0	5.8	8.0	4.7	5.7	6.3	6.5	Jul-02
Policy Index				-4.5	-5.0	0.8	5.2	6.3	8.5	5.1	6.0	6.8	--	Jul-02
Domestic Equity Composite	61,106,161	31.1	32.0	-8.0	-8.0	-1.4	2.8	10.6	14.2	8.5	11.9	13.4	10.0	Jul-02
Russell 3000				-8.2	-8.3	1.2	6.9	9.3	13.3	8.7	11.9	12.5	8.7	Jul-02
Large Cap Equity	43,966,338	22.4	22.0	-7.6	-6.7	0.0	5.1	12.6	15.6	9.8	12.8	--	13.5	Jul-12
Russell 1000				-8.2	-8.1	1.7	7.8	9.7	13.5	9.0	12.2	12.6	12.9	Jul-12
Rhumblin	21,168,126	10.8	12.0	-10.7	-12.6	-4.0	0.8	5.7	11.2	6.9	10.0	10.9	6.9	Aug-05
Russell 1000 Value				-9.7	-11.6	-3.8	0.5	3.8	9.6	5.5	9.0	10.4	6.6	Aug-05
Sands	22,798,211	11.6	10.0	-4.5	-0.5	4.3	9.6	19.6	19.7	12.3	15.4	17.1	12.2	Dec-03
Russell 1000 Growth				-6.8	-4.7	7.0	15.1	15.7	17.3	12.4	15.2	14.8	10.0	Dec-03
Small/Mid Cap Equity	17,139,823	8.7	10.0	-9.2	-11.2	-4.9	-2.8	5.9	10.9	4.5	9.5	--	10.0	Jul-12
Russell 2000				-8.4	-11.4	-4.9	-4.9	3.5	10.9	5.1	8.6	10.4	9.8	Jul-12
Wellington SMID	7,868,090	4.0	5.0	-11.6	-16.5	-8.5	-7.5	-0.1	--	--	--	--	4.0	Apr-16
Russell 2500 Value				-9.6	-12.9	-6.7	-6.2	0.5	8.2	3.8	7.1	9.5	6.1	Apr-16
WCM Investment Management	9,271,733	4.7	5.0	-7.1	-6.1	-1.7	1.6	--	--	--	--	--	5.8	Jan-18
Russell 2000 Growth				-7.2	-8.2	-2.1	-0.7	7.9	13.2	6.5	10.5	12.1	3.1	Jan-18



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International Equity Composite	59,604,307	30.4	30.0	-5.9	-8.7	-1.9	4.7	7.9	9.7	3.6	4.1	4.3	5.7	Jul-02
<i>MSCI ACWI ex USA</i>				-7.9	-10.4	-4.1	-0.7	4.2	7.8	2.2	3.4	4.3	6.1	Jul-02
International Equity	42,204,107	21.5	21.0	-6.1	-8.0	-1.0	6.4	8.3	9.6	4.3	5.3	--	6.8	Jul-12
<i>MSCI EAFE</i>				-9.0	-10.9	-4.7	-0.6	3.9	6.8	2.0	4.0	4.8	6.0	Jul-12
MFS International Concentrated	13,520,883	6.9	6.5	-4.7	-6.3	1.6	12.4	11.4	12.0	6.3	--	--	6.7	Apr-13
<i>MSCI EAFE</i>				-9.0	-10.9	-4.7	-0.6	3.9	6.8	2.0	4.0	4.8	3.9	Apr-13
Boston Common	11,602,381	5.9	6.5	-7.1	-8.7	-0.3	5.4	5.9	8.1	3.1	4.6	--	4.9	May-10
<i>MSCI EAFE</i>				-9.0	-10.9	-4.7	-0.6	3.9	6.8	2.0	4.0	4.8	4.5	May-10
Baxter Street	11,303,884	5.8	5.0	-6.5	-8.2	-3.7	4.2	9.2	--	--	--	--	9.1	Apr-16
<i>MSCI ACWI ex USA</i>				-7.9	-10.4	-4.1	-0.7	4.2	7.8	2.2	3.4	4.3	5.8	Apr-16
Cevian Capital II	5,776,959	2.9	3.0	-6.1	-10.1	-4.2	-2.6	0.0	7.2	--	--	--	1.1	May-15
<i>HFRX Event Driven Index</i>				-0.5	0.0	7.3	7.4	0.2	4.5	1.1	1.7	1.8	1.0	May-15
<i>MSCI EAFE</i>				-9.0	-10.9	-4.7	-0.6	3.9	6.8	2.0	4.0	4.8	1.5	May-15
Emerging Market Equity	17,400,201	8.9	9.0	-5.5	-10.3	-5.4	-0.9	6.3	8.5	1.5	0.8	--	2.6	Jul-12
<i>MSCI Emerging Markets</i>				-5.3	-9.7	-3.3	-1.9	4.9	10.6	2.7	1.8	3.2	3.3	Jul-12
RBC Global Emerging Equity	8,672,043	4.4	4.5	-5.1	-10.0	-6.0	-1.5	6.0	--	--	--	--	6.1	Jul-16
<i>MSCI Emerging Markets</i>				-5.3	-9.7	-3.3	-1.9	4.9	10.6	2.7	1.8	3.2	7.7	Jul-16
Acadian Emerging Markets Equity Fund	8,728,158	4.4	4.5	-5.8	-10.7	--	--	--	--	--	--	--	-10.7	Jan-20
<i>MSCI Emerging Markets</i>				-5.3	-9.7	-3.3	-1.9	4.9	10.6	2.7	1.8	3.2	-9.7	Jan-20



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Fixed Income Composite	62,208,237	31.7	31.0	0.3	1.1	2.5	6.5	3.6	3.9	2.7	2.7	4.4	4.4	Jul-02
BBgBarc US Aggregate TR				1.8	3.8	6.3	11.7	5.0	4.1	3.6	3.3	3.9	4.6	Jul-02
High Quality Fixed Income	28,643,182	14.6	14.0	1.6	3.3	5.0	11.3	4.8	4.1	3.7	--	--	3.6	Oct-14
BBgBarc US Aggregate TR				1.8	3.8	6.3	11.7	5.0	4.1	3.6	3.3	3.9	3.9	Oct-14
Breckinridge-Treasury	4,896,816	2.5	2.0	6.7	14.0	18.0	31.6	10.5	--	--	--	--	10.5	Mar-17
BBgBarc US Treasury Long TR				6.7	14.0	18.0	31.6	11.0	6.9	6.3	6.6	8.1	11.0	Mar-17
Breckinridge - Corporate	10,303,289	5.2	5.0	1.3	2.7	4.6	8.7	4.1	3.2	3.1	--	--	3.2	Nov-14
BBgBarc US Govt/Credit Int TR				1.4	2.9	4.6	8.8	4.0	3.2	3.0	2.5	3.2	3.0	Nov-14
Stone Castle FICA for Impact	13,443,077	6.8	7.0	0.1	0.3	--	--	--	--	--	--	--	0.3	Jan-20
91 Day T-Bills				0.1	0.3	1.1	1.9	1.7	1.4	1.1	0.8	0.6	0.3	Jan-20
Flexible Fixed Income	33,565,054	17.1	17.0	-0.9	-0.7	0.7	3.8	2.8	4.1	2.2	2.3	--	2.9	Jul-12
BBgBarc US Aggregate TR				1.8	3.8	6.3	11.7	5.0	4.1	3.6	3.3	3.9	3.2	Jul-12
Brandywine Global Opportunistic	11,835,798	6.0	6.0	-2.6	-3.6	-1.2	2.9	2.8	--	--	--	--	2.8	Mar-17
FTSE WGBI TR				1.0	2.6	3.1	8.2	4.5	3.1	2.9	1.5	2.1	4.5	Mar-17
Loomis Multi Sector	12,346,998	6.3	6.0	0.9	2.7	5.2	10.1	5.5	--	--	--	--	5.5	Mar-17
BBgBarc US Govt/Credit TR				2.1	4.5	7.3	13.4	5.5	4.6	3.9	3.5	4.2	5.5	Mar-17
Franklin Templeton GMS	9,382,259	4.8	5.0	-1.0	-1.3	-3.7	-4.1	-0.2	--	--	--	--	-0.2	Mar-17
BBgBarc Multiverse				0.5	1.7	3.0	7.7	4.4	3.7	3.0	2.0	2.8	4.4	Mar-17
Opportunistic Investments	518,930	0.3	0.0-10.0	-3.0	-3.1	-2.3	1.2	2.5	4.9	1.3	2.6	--	--	Jan-08
CPI + 5% (Unadjusted)				0.7	1.5	4.3	7.4	7.1	7.3	7.1	6.6	6.9	6.8	Jan-08
Entrust Class X	518,930	0.3	0.0	-3.0	-3.1	-5.7	-6.5	-5.3	--	--	--	--	-5.1	Jan-17



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Private Markets	9,075,006	4.6	5.0	0.7	1.5	2.3	4.7	8.8	7.7	7.8	--	--	7.8	May-14
Private Markets Custom Benchmark				-0.3	-0.2	1.4	8.2	13.2	12.5	11.6	--	--	11.5	May-14
OCP Orchard Landmark	2,353,376	1.2		0.6	1.8	1.0	3.7	--	--	--	--	--	7.2	Nov-17
JP Morgan Corporate EMBI Broad TR USD				0.2	1.8	5.9	11.2	6.2	7.8	6.3	4.9	6.3	5.9	Nov-17
FEG Private Opportunities Fund	1,361,939	0.7												
Brockton Capital Fund III	1,347,484	0.7												
SJF Ventures	1,147,486	0.6												
Canvas Distressed Credit Fund	1,496,161	0.8												
HCAP Partners IV LP	836,714	0.4												
Generation IM SS Fund III	531,846	0.3												
Community Development	1,932,966	1.0	1.0	0.1	0.3	0.8	1.5	1.3	1.2	1.2	1.2	1.4	1.6	Jul-07
91 Day T-Bills				0.1	0.3	1.1	1.9	1.7	1.4	1.1	0.8	0.6	0.7	Jul-07
Cash and Other	1,939,769	1.0	1.0											

- Fiscal Year End: 6/30
- WCM Investment Management returns include Kennedy Capital returns from January 2018 to February 2019
- 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.
- 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 of 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 \$103,717 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.



UUCEF ASSET ALLOCATION

- **The UUCEF current allocation is closely aligned with the current policy**
 - An overweight to Public Equity exists as the Private Markets allocation approaches the interim target of 5%

	Current Allocation	Current Policy	Long Term Policy
Large Cap Equities	22.8	22.0	21.0
Small/Mid Cap Equities	9.3	10.0	10.0
International Equities	22.2	21.0	20.0
Emerging Int'l Equities	9.4	9.0	9.0
Public Equity	63.7	62.0	60.0
Global Multi Sector	11.7	12.0	10.0
Opportunistic Fixed Income	4.6	5.0	4.0
Flexible Fixed Income	16.3	17.0	14.0
Short Duration	6.5	7.0	3.0
Corporate Credit	4.8	5.0	5.0
Long Treasuries	2.1	2.0	2.0
High Quality Fixed Income	13.4	14.0	10.0
Opportunistic Investment	0.3	0.0	0.0
Private Markets	4.1	5.0	10.0
Community Investment	0.9	1.0	5.0
Cash	1.3	1.0	1.0



Fund Commentary

- The endowment returned **6.2%** (gross of fees)* during **Q4 of 2019**, ranking in the **15th** percentile of the endowment universe, outperforming the allocation and policy indices.
- In 2019, the endowment returned **20.0%** (gross of fees)*, ranking in the **27th** percentile in the endowment universe, outperforming the allocation and policy indices.
- Over the ten-year time period, the portfolio ranks in the top half of peers.

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

Investment & Socially Responsible Investment Committee Highlights

- NEPC Investment Outlook
- Asset Allocation Review
- 2020 Workplan
- Manager Presentation: Ownership Capital
 - Decision to invest \$10 million into Ownership Capital fund and reduce investment with Sands Capital by \$10 million
- Shareholder Engagement & Advocacy Update:
 - Engagement with groups supporting 2020 Business Resolution
 - Establish Screening Subcommittee on Human Rights and work with Sustainalytics to develop screening criteria for UUCEF
 - Blackrock agrees to expand [lobbying and disclosure](#)

SRIC Community Investing (CI) Update

- CI Portfolio Increase from 1% to 5% ~ **\$8M more for Impact!**
- UUA CI Matching Program doubles your church's CI investments up to \$10,000
- New Investment: \$100,000 to [The Working World, Inc. dba Seed Commons](#)
A network of >25 member funds supporting cooperative development nationwide



New Era Windows Coop

Worker Owners

Seed Commons loans helped them purchase company and reopen after original owners closed abruptly in 2012.

UUCEF- IC & SRIC presence at the upcoming General Assembly

- Workshop on **Mobilizing Investments to Advance UU Values** – Thursday, June 25th, 4:45 – 6:00pm
- Workshop on **Stewardship - Money as Medicine**, based on Edgar Villanueva's book, [Decolonizing Wealth](#) – Thursday, June 25th, 1:15 - 4:15pm
- Supporting the Business Resolution put forth by UU social justice groups on [Embodying Human Rights in Our Investment Decisions](#) (mini-assembly Friday, June 26th, 12:00 – 1:00PM)
- Booth in the exhibit hall staffed by IC and SRIC members

Supplemental Information

Fund Oversight

- UUA Board of Trustees – ultimate fiduciaries
- Investment Committee – includes investment professionals
- Socially Responsible Investing Committee
- UUA Treasurer – management, rebalancing
- Investment consultant – NEPC
- SRI analyst – Sustainalytics
- Specialized investment managers
- Custodian – US Bank
- Reporting – HWA International
- Auditors – CBIZ Tofias/Mayer, Hoffman, McCann

Investment Objective

- With the guiding lens of Unitarian Universalist values and principles, strive to achieve consistent returns within a moderate risk tolerance over the long term, sufficient to allow Congregations to take regular distributions and maintain the value of principal after adjustment for inflation and after all expenses.

UU Common Endowment Fund

Key Characteristics

- Long-term investment fund
- Diversified portfolio
- Managed by specialist professional investment managers
- Managed to reflect UU values while achieving financial goals – “Risk, Return, Justice”
- Open to congregations, districts, and other UU organizations

Portfolio Diversification

- Across Asset Classes:
 - Domestic equities: large cap, small cap, growth, value
 - International equities: developed, emerging
 - Fixed income: treasuries, core bonds, multi-sector, opportunistic
 - Opportunistic investments: hedge funds, global asset allocation
 - Private markets
- See <https://uucef.org/files/2019/01/UUA-Manager-Summary-January-2019.pdf> for information on the investment managers.

Asset Allocation Targets

Asset Class	Target Allocation
Domestic Equity	32%
International Equity	30%
Fixed Income	31%
Private Markets	5%
Community Investments	1%
Cash	1%

Responsible Committees

Investment Committee

- Kathleen Gaffney, Chair
- Brian Lasher
- Ken Redd
- Andrew McGeorge, Treasurer
- John Minahan
- Lucia Santini, Financial Advisor

SRI Committee

- Kathy Mulvey, Chair
- Vonda Brunsting
- Julie Skye
- Pat Tomaino
- Vanessa Lowe
- Andrew McGeorge, Treasurer
- Lucia Santini, Financial Advisor

Glossary:

SRI – Socially Responsible Investing

- Socially responsible investing, or SRI, is ensuring that our investments are aligned with our values. For more information on the UUA's approach to SRI, see: <http://uucef.org/socially-responsible-investing/about-sri/>.

ESG – Environmental, Social, Governance

- Incorporating ESG factors into the investment process takes investors beyond purely financial analysis and provides added insight into the quality of a company's management, culture, risk profile and other characteristics. For further details, you can review ESG definitions here: <http://www.investopedia.com/terms/e/environmental-social-and-governance-esg-criteria.asp>

Glossary:

UN PRI – United Nation Principles for Responsible Investment

- The PRI is the world's leading proponent of responsible investment. It supports its international network of investor signatories, now with \$59 trillion in assets, in incorporating ESG factors into their investment and ownership decisions. For more information see: <https://www.unpri.org/about>
- **Benchmark** – For each asset class, the appropriate index return against which a particular strategy can be evaluated. For example, a benchmark for large US companies is the S&P 500.
- **Allocation Index** – The average benchmark return for all of the asset classes in the portfolio weighted according to the *actual* weights of the assets in the portfolio at a given time. This measures the effect of actual allocation decisions.
$$= \text{ACTUAL ASSET WEIGHTS} \times \text{INDEX RETURNS}$$

Glossary:

- **Policy Index** – The average of the benchmark returns for all of the asset classes in the portfolio weighted according to the *target* weights of the assets in the portfolio at a given time. Measures policy allocation decisions.
= TARGET ASSET WEIGHTS X INDEX RETURNS
- **Composite Return** – The total, blended return for the portfolio. Measures actual performance.
= ACTUAL ASSET WEIGHTS X ACTUAL RETURNS

Contact information

For specific questions about the UUCEF please contact:

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