



UUCEF, LLC Investor Call

June 2, 2020

2pm Eastern

Presenters:

Kathleen Gaffney, Chair, UUA Investment Committee

Kathy Mulvey, Chair, UUA Socially Responsible Investment Committee

Andrew McGeorge, UUA Treasurer and CFO

Join Zoom Meeting: <https://uua.zoom.us/j/6179484306>

Or

Join by phone using any of these numbers: 1-646 558 8656

1-312 626 6799

1-669 900 6833

Meeting ID: 6179484306



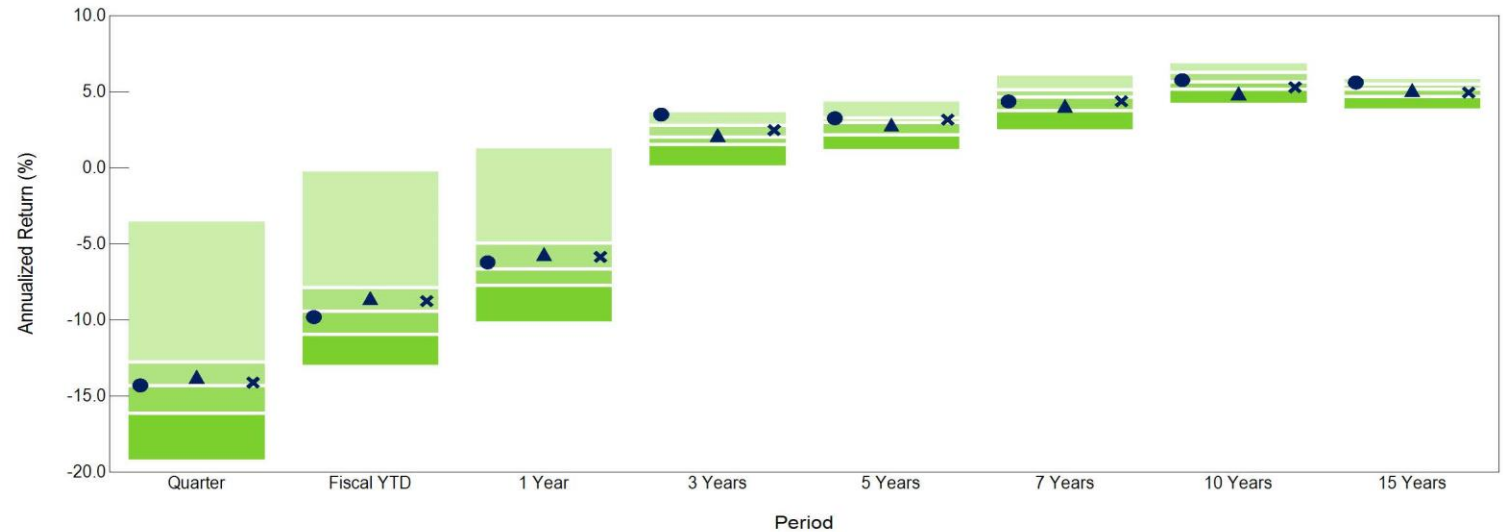
Agenda

- Performance Review as of March 31, 2020
- Performance Update as of April 30, 2020
- May 19th Investment Committee and Socially Responsible Investment Committee highlights
- GA2020: Where you'll find us
- Questions and Answers

TOTAL FUND RETURN VS PEER UNIVERSE - GROSS

as of March 31, 2020

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



		Return (Rank)															
5th Percentile		-3.5	-0.2	1.4	3.7	4.4	6.1	7.0	5.9								
25th Percentile		-12.7	-7.8	-4.9	2.8	3.3	5.1	6.3	5.5								
Median		-14.3	-9.4	-6.6	2.0	3.0	4.7	5.7	5.2								
75th Percentile		-16.1	-10.9	-7.7	1.5	2.2	3.8	5.2	4.7								
95th Percentile		-19.3	-13.1	-10.2	0.1	1.2	2.4	4.2	3.8								
# of Portfolios		76	76	75	72	68	54	49	42								
●	Composite	-14.3	(51)	-9.8	(61)	-6.2	(42)	3.5	(11)	3.3	(29)	4.4	(54)	5.8	(47)	5.6	(22)
▲	Allocation Index	-13.7	(41)	-8.6	(33)	-5.7	(35)	2.2	(45)	2.8	(56)	4.1	(61)	4.9	(86)	5.1	(53)
×	Policy Index	-14.1	(48)	-8.8	(35)	-5.9	(37)	2.5	(36)	3.2	(37)	4.4	(54)	5.3	(63)	4.9	(63)



UNITARIAN UNIVERSALIST COMMON ENDOWMENT FUND

UNITARIAN UNIVERSALIST ASSOCIATION

As of April 30, 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)	188,213,805	100.0	100.0	6.9	-8.4	-3.6	-2.6	5.2	6.8	4.3	5.1	6.3	6.7	Jul-02
Allocation Index				6.5	-8.1	-2.6	-1.6	3.9	5.6	3.8	4.8	5.5	6.2	Jul-02
Policy Index				7.1	-8.1	-2.3	-1.3	4.4	6.1	4.3	5.1	5.9	--	Jul-02
Composite (Net)	188,213,805	100.0	100.0	6.8	-8.7	-4.4	-3.6	4.0	5.6	3.2	4.0	5.2	5.6	Jul-02
Allocation Index				6.5	-8.1	-2.6	-1.6	3.9	5.6	3.8	4.8	5.5	6.2	Jul-02
Policy Index				7.1	-8.1	-2.3	-1.3	4.4	6.1	4.3	5.1	5.9	--	Jul-02
Domestic Equity Composite	56,253,804	29.9	32.0	13.6	-11.4	-5.0	-5.0	8.4	11.0	7.9	10.6	11.8	9.7	Jul-02
Russell 3000				13.2	-10.4	-1.1	-1.0	8.0	10.6	8.3	10.7	11.3	8.5	Jul-02
Large Cap Equity	40,786,288	21.7	22.0	13.0	-7.9	-1.3	-1.4	11.1	13.0	9.8	11.8	--	13.0	Jul-12
Russell 1000				13.2	-9.7	-0.1	0.1	8.7	10.9	8.7	11.0	11.6	12.4	Jul-12
Rhumblin	19,475,085	10.3	10.0	10.7	-19.6	-11.7	-11.4	3.1	6.3	5.3	7.8	8.9	6.2	Aug-05
Russell 1000 Value				11.2	-18.5	-11.3	-11.0	1.4	5.0	3.9	7.0	8.5	5.9	Aug-05
Sands	16,311,203	8.7	7.0	15.4	4.8	9.8	9.1	19.3	19.6	13.8	15.6	16.7	12.4	Dec-03
Russell 1000 Growth				14.8	-1.4	10.7	10.8	15.7	16.6	13.3	14.8	14.4	10.1	Dec-03
Ownership Capital Global Equity (USD) Fund, L.P.	5,000,000	2.7	5.0											
Small/Mid Cap Equity	15,467,516	8.2	10.0	15.1	-19.9	-14.3	-13.8	1.9	5.9	2.7	7.3	--	8.4	Jul-12
Russell 2000				13.7	-21.1	-15.3	-16.4	-0.8	5.2	2.9	6.2	7.7	8.0	Jul-12
Wellington SMID	6,641,583	3.5	5.0	9.8	-29.6	-22.9	-23.1	-5.5	-0.9	--	--	--	-0.5	Apr-16
Russell 2500 Value				13.2	-26.0	-20.7	-21.9	-4.5	1.3	0.6	4.0	6.4	1.7	Apr-16
WCM Investment Management	8,825,933	4.7	5.0	19.4	-10.6	-6.4	-5.1	--	--	--	--	--	3.2	Jan-18
Russell 2000 Growth				14.9	-14.7	-9.0	-9.2	4.2	8.9	5.2	8.7	10.0	-0.3	Jan-18



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International Equity Composite	55,105,868	29.3	30.0	7.3	-15.6	-9.4	-8.6	2.8	5.0	1.3	2.5	2.9	5.2	Jul-02
<i>MSCI ACWI ex USA</i>				7.6	-17.5	-11.8	-11.5	-0.3	2.8	-0.2	1.6	2.9	5.5	Jul-02
International Equity	39,050,162	20.7	21.0	7.0	-14.9	-8.5	-7.5	3.1	5.4	2.1	3.6	--	5.6	Jul-12
<i>MSCI EAFE</i>				6.5	-17.8	-12.1	-11.3	-0.6	2.3	-0.2	1.9	3.5	4.8	Jul-12
MFS International Concentrated	12,606,652	6.7	6.5	5.9	-12.7	-5.4	-2.3	5.8	8.2	4.3	5.2	--	5.5	Apr-13
<i>MSCI EAFE</i>				6.5	-17.8	-12.1	-11.3	-0.6	2.3	-0.2	1.9	3.5	2.6	Apr-13
Boston Common	10,945,108	5.8	6.5	6.5	-13.9	-5.9	-5.6	1.7	3.9	1.3	3.0	4.2	4.2	May-10
<i>MSCI EAFE</i>				6.5	-17.8	-12.1	-11.3	-0.6	2.3	-0.2	1.9	3.5	3.5	May-10
Baxter Street	10,414,049	5.5	5.0	7.2	-15.5	-11.2	-10.2	4.1	6.6	--	--	--	6.5	Apr-16
<i>MSCI ACWI ex USA</i>				7.6	-17.5	-11.8	-11.5	-0.3	2.8	-0.2	1.6	2.9	3.4	Apr-16
Cevian Capital II	5,084,353	2.7	3.0	10.2	-20.9	-15.7	-18.3	-6.1	1.0	-1.5	--	--	-1.5	May-15
<i>HFRX Event Driven Index</i>				2.7	-2.9	4.1	5.4	-1.1	3.0	0.4	0.9	1.2	0.4	May-15
<i>MSCI EAFE</i>				6.5	-17.8	-12.1	-11.3	-0.6	2.3	-0.2	1.9	3.5	-0.2	May-15
Emerging Market Equity	16,055,705	8.5	9.0	8.2	-17.2	-12.7	-12.5	1.5	2.8	-1.0	-0.3	--	1.5	Jul-12
<i>MSCI Emerging Markets</i>				9.2	-16.6	-10.7	-12.0	0.6	4.9	-0.1	0.7	1.4	2.2	Jul-12
RBC Global Emerging Equity	8,003,360	4.3	4.5	8.1	-16.9	-13.2	-13.0	1.3	--	--	--	--	3.6	Jul-16
<i>MSCI Emerging Markets</i>				9.2	-16.6	-10.7	-12.0	0.6	4.9	-0.1	0.7	1.4	5.1	Jul-16
Acadian Emerging Markets Equity Fund	8,052,345	4.3	4.5	8.3	-17.6	--	--	--	--	--	--	--	-17.6	Jan-20
<i>MSCI Emerging Markets</i>				9.2	-16.6	-10.7	-12.0	0.6	4.9	-0.1	0.7	1.4	-16.6	Jan-20



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Fixed Income Composite	61,676,471	32.8	31.0	2.5	0.3	1.7	4.5	2.9	3.1	2.6	2.2	4.0	4.3	Jul-02
BBgBarc US Aggregate TR				1.8	5.0	7.6	10.8	5.2	4.1	3.8	3.3	4.0	4.6	Jul-02
High Quality Fixed Income	29,137,806	15.5	14.0	1.0	5.2	6.9	11.1	5.2	4.2	3.9	--	--	3.8	Oct-14
BBgBarc US Aggregate TR				1.8	5.0	7.6	10.8	5.2	4.1	3.8	3.3	4.0	4.0	Oct-14
Breckinridge-Treasury	3,996,179	2.1	2.0	1.6	23.8	28.1	38.3	13.3	--	--	--	--	12.9	Mar-17
BBgBarc US Treasury Long TR				2.0	23.4	27.6	37.8	13.6	9.2	8.4	7.2	8.9	13.2	Mar-17
Breckinridge - Corporate	9,183,887	4.9	5.0	2.1	3.8	5.6	8.2	4.2	3.3	3.3	--	--	3.3	Nov-14
BBgBarc US Govt/Credit Int TR				1.4	3.8	5.7	8.2	4.1	3.2	3.1	2.6	3.2	3.1	Nov-14
Stone Castle FICA for Impact	15,957,741	8.5	7.0	0.0	0.4	--	--	--	--	--	--	--	0.4	Jan-20
91 Day T-Bills				0.0	0.4	1.3	1.7	1.7	1.4	1.1	0.8	0.6	0.4	Jan-20
Flexible Fixed Income	32,538,664	17.3	17.0	3.7	-3.8	-2.5	-0.1	1.3	2.4	1.6	1.5	--	2.4	Jul-12
BBgBarc US Aggregate TR				1.8	5.0	7.6	10.8	5.2	4.1	3.8	3.3	4.0	3.3	Jul-12
Brandywine Global Opportunistic	11,331,737	6.0	6.0	3.9	-7.8	-5.5	-1.4	0.5	--	--	--	--	1.2	Mar-17
FTSE WGBI TR				1.2	3.2	3.7	8.0	4.2	2.2	3.0	1.5	2.3	4.5	Mar-17
Loomis Multi Sector	12,236,333	6.5	6.0	6.1	1.7	4.2	6.8	4.8	--	--	--	--	4.9	Mar-17
BBgBarc US Govt/Credit TR				2.2	5.7	8.4	12.2	5.7	4.4	4.1	3.5	4.2	5.6	Mar-17
Franklin Templeton GMS	8,970,594	4.8	5.0	0.1	-5.8	-8.0	-8.0	-2.4	--	--	--	--	-1.6	Mar-17
BBgBarc Multiverse				2.0	0.9	2.2	5.8	3.7	2.4	2.8	1.7	2.8	3.9	Mar-17
Opportunistic Investments	516,040	0.3	0.0-10.0	-0.3	-3.6	-2.9	-1.6	1.5	3.5	1.0	2.1	--	--	Jan-08
CPI + 5% (Unadjusted)				-0.3	1.4	4.2	5.3	6.7	6.8	6.7	6.5	6.7	6.7	Jan-08
Entrust Class X	516,040	0.3	0.0	-0.3	-3.6	-6.2	-6.7	-5.3	--	--	--	--	-5.0	Jan-17



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Private Markets	9,608,385	5.1	5.0	-2.5	-1.5	-0.8	0.2	6.9	7.4	6.8	--	--	7.1	May-14
<i>Private Markets Custom Benchmark</i>				<i>1.1</i>	<i>-2.3</i>	<i>2.3</i>	<i>4.9</i>	<i>11.7</i>	<i>12.3</i>	<i>11.3</i>	<i>--</i>	<i>--</i>	<i>11.3</i>	<i>May-14</i>
Impact Funds	3,031,581	1.6	--	1.8	2.0	6.9	7.3	-5.4	--	--	--	--	--	--
HCAP Partners IV LP	1,051,665	0.6												
Generation IM SS Fund III	531,846	0.3												
SJF Ventures	1,448,070	0.8												
Non Impact Funds	6,576,804	3.5	--	-4.2	-3.0	-3.8	-2.7	6.9	7.6	7.0	--	--	--	--
Canvas Distressed Credit Fund	1,643,048	0.9												
Brockton Capital Fund III	1,256,474	0.7												
FEG Private Opportunities Fund	1,362,123	0.7												
OCP Orchard Landmark	2,315,159	1.2		-1.5	0.1	-0.7	0.2	--	--	--	--	--	6.0	Nov-17
<i>JP Morgan Corporate EMBI Broad TR USD</i>				<i>3.3</i>	<i>-5.0</i>	<i>-1.2</i>	<i>1.5</i>	<i>3.3</i>	<i>4.6</i>	<i>4.2</i>	<i>3.7</i>	<i>5.2</i>	<i>2.6</i>	<i>Nov-17</i>
Community Development	1,932,372	1.0	1.0	0.2	0.8	1.3	1.6	1.4	1.4	1.3	1.2	1.4	1.6	Jul-07
<i>91 Day T-Bills</i>				<i>0.0</i>	<i>0.4</i>	<i>1.3</i>	<i>1.7</i>	<i>1.7</i>	<i>1.4</i>	<i>1.1</i>	<i>0.8</i>	<i>0.6</i>	<i>0.7</i>	<i>Jul-07</i>
Cash and Other	3,120,865	1.7	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 \$76,851 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.



Fund Commentary

- The endowment returned **-14.3%** (gross of fees)* during **Q1 of 2020**, ranking in the **51st** percentile of the endowment universe, underperforming the allocation and policy indices.
- In April of 2020, the endowment returned **6.9%** (gross of fees).
- Over the ten-year time period, the portfolio returned **6.3%** (gross of fees).

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

Investment & Socially Responsible Investment Committee Highlights

- **Asset Allocation/Rebalancing Plan**
 - NEPC updated 10-year forward looking capital market assumptions
 - Voted to gradually increase strategic targets to equity, reducing high quality fixed income and slowing the pacing of the private market allocation to long-term policy target of 10%
 - Revised return expectations and liquidity profile
- **New Community Investments**
 - Capital Good Fund
 - Self Help Credit Union
- **Advocacy**
 - ExxonMobil – 30% approval on resolution calling for a report on political contributions
 - Abbott Laboratories – 20% approval on resolution calling for a report on lobbying activities and expenditures
 - Joined with ICCR and other investors in COVID-19 advocacy with companies around worker rights, health and safety

KEY MARKET THEMES OVERVIEW

**Virus
Trajectory**

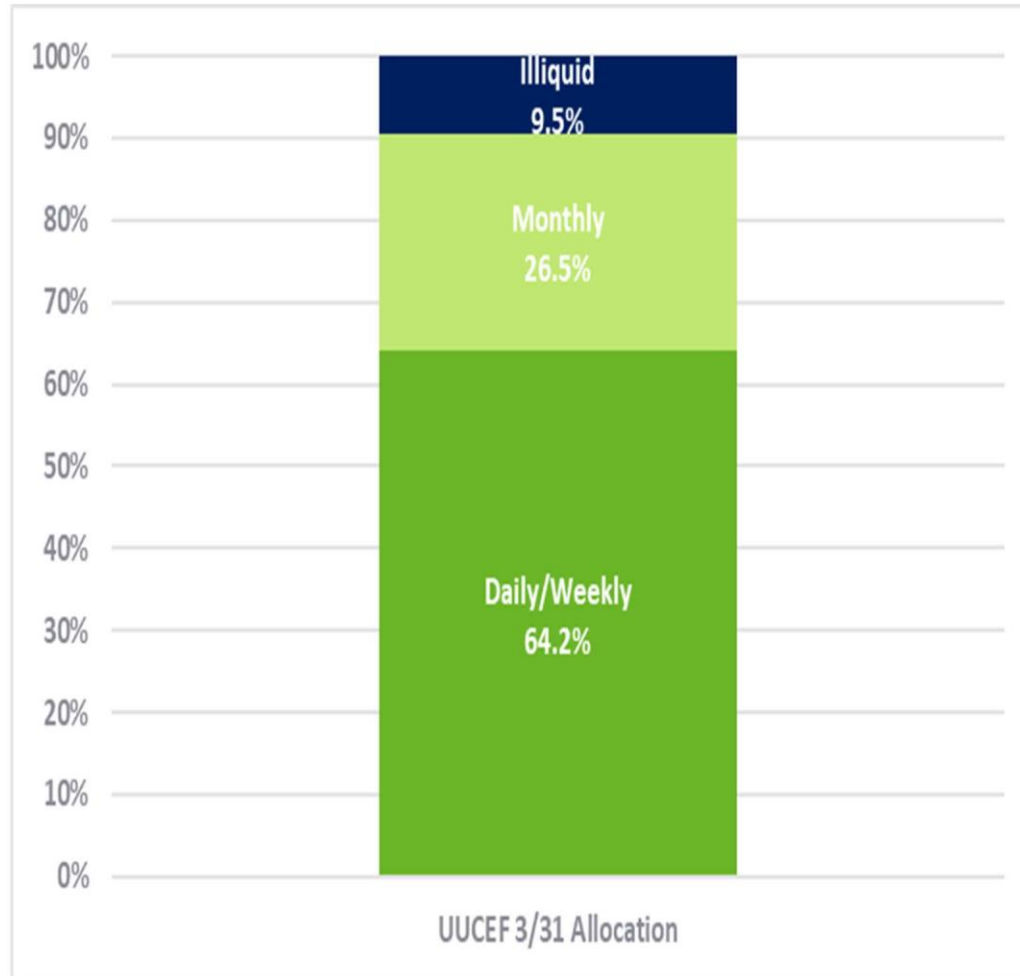
**Permanent
Interventions**

*China
Transitions*

*Globalization
Backlash*



PORTFOLIO LIQUIDITY



- The UUCEF portfolio remains very liquid, with over 60% of the assets having daily/weekly liquidity and over 25% with monthly liquidity
- NEPC recommends that the UUCEF use High Quality Fixed Income as source of cash needs in the near term
- If cash needs are significant, NEPC will likely recommend using a combination of Equity and Fixed Income holdings



Cevian is currently being modeled as an Illiquid Allocation

UUCEF- IC & SRIC presence at the upcoming General Assembly

- **Mobilizing Investments to Advance UU Values workshop –**
Saturday, June 27th, 10:00 to 11:30am EDT
- **Money as Medicine workshop -**
Friday, June 26th, 10:00 – 11:30am EDT
- **Virtual exhibit hall –** throughout GA
- **Virtual Learning Stage –**
Saturday, June 27th, 5:15 to 5:45pm EDT
- **Business Resolution** on Embodying Human Rights in our Investment Decisions
- **Schedule of events online at -**
<https://www.uua.org/ga/program/schedule>

Seed Capital → New Era Windows Coop → **Worker Owners**



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% to 5%
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:

- Susan Helbert, Assistant to the Treasurer

617-948-4306

shelbert@uua.org

- Andrew McGeorge, Treasurer and CFO

617-948-4305

amcgeorge@uua.org