



UUCEF, LLC Investor Call

September 3, 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/8181456833>

Or

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

1-312 626 6799

1-669 900 6833

Meeting ID: 8181456833



Agenda

- What's new at the UUCEF?
 - Two-day August Meeting
 - GA2020
 - Actions on Embodying Human Rights in Our Investments Decisions
 - Community Investing
- Performance Review as of July 31, 2020
- Questions and Answers

Two-day August Meeting

Workshop on Racial Justice Investing

Focused on implementation of Investor Statement of Solidarity to Address Systemic Racism and Call to Action, led by the Racial Justice Investing Coalition and issued in June by nearly 130 institutional investors, including UUCEF:

- Commit to actively engage with, amplify, and include Black voices in investor spaces and company engagements, taking direction and guidance from their expertise and lived experience, including on issues related to criminalization.
- Commit to embed a racial equity and justice lens into our own organizations.
- Commit to integrating racial justice into investment decision-making and engagement strategies.
- Reinvest in communities.
- Use investor voice to advance anti-racist public policy.

UUCEF—Investment Committee and Socially Responsible Investing Committee at GA 2020

- Mobilizing Investments to Advance UU Values workshop—125 attendees
- Money as Medicine workshop—175 attendees
- Virtual Learning Stage presentation and discussion
- Business Resolution on Embodying Human Rights in our Investment Decisions—adopted with 95% support

Workshop recordings to be made publicly available on uua.org this fall.

2020 Business Resolution: Embodying Human Rights in Our Investment Decisions

Actions to Be Taken by the UUCEF

- Cease the purchasing of securities in corporations that are consistently, knowingly and directly complicit in egregious human rights violations and violations of international law (“Human Rights Violators (HRV)”)
- Continue to divest the UUCEF holdings of directly held securities of HRV companies, if any, reaching full divestment of these companies within three years
- Continue to work with its current and prospective pooled-asset managers to incorporate Human Rights Due Diligence into their investment processes

2020 Business Resolution: Embodying Human Rights in Our Investment Decisions

Actions to Be Taken by the UUCEF (continued)

- Undertake a comprehensive review of the UUCEF's Socially Responsible Investing Guidelines with regard to human rights concerns, identify significant gaps, if any, and amend the guidelines as necessary
- Formalize mechanisms for communication between its SRI and Investment Committees and UU social justice groups, congregations and individual UUs concerned about social justice issues regarding development and implementation of the UUCEF's SRI Guidelines and the impact of UU SRI initiatives

Full text online at

<https://www.uua.org/files/pdf/p/proposedbusres2020.pdf>

2020 Business Resolution: Embodying Human Rights in Our Investment Decisions

Implementation of Screening and Divestment Commitments

- [Sustainalytics Global Standards Screening](#): based on a number of international norms, including the UN Global Compact Principles, the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises.
- [Sustainalytics Human Rights Radar](#): geographic-based analysis that currently looks at 14 countries/regions and assesses how companies are active there, how they are impacting human rights in those regions and the adequacy of the company's response.

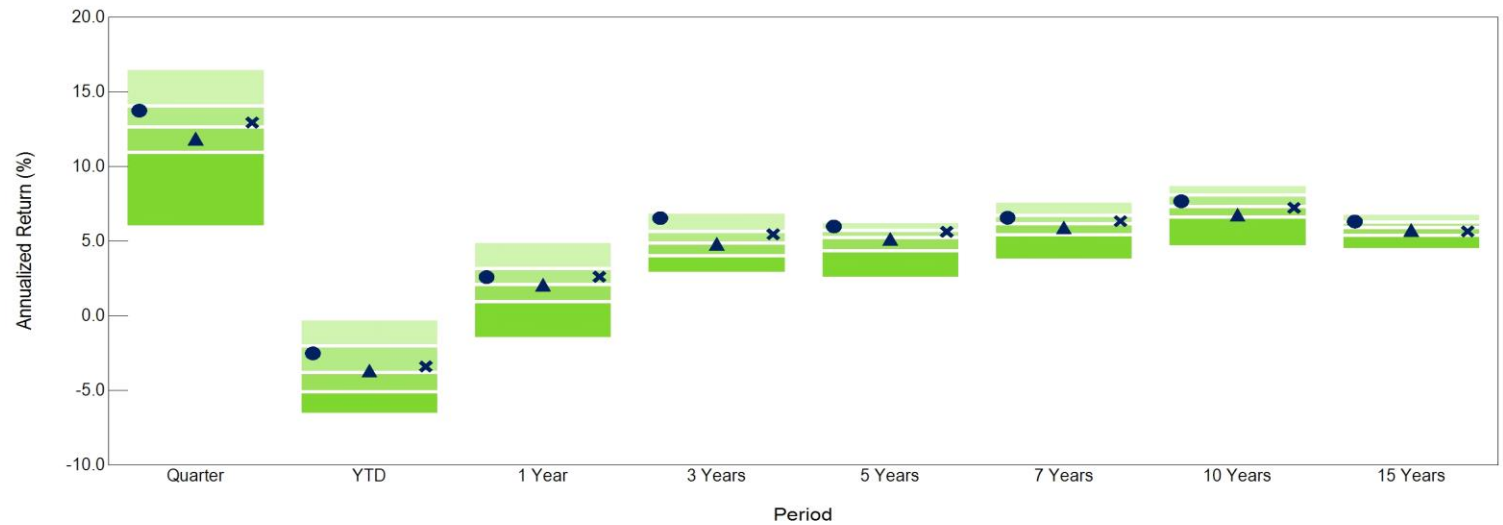
Community Investing: Getting to the 5% Target

- SRIC approved new investment of \$250,000 in [The Enterprise Center Capital Corporation](#), a minority-owned CDFI that provides microenterprise financing up to \$50,000 and small business loans between \$50,000 and \$500,000 in the Philadelphia area
- Founders of **1863 Ventures** and **Collab Capital**—both Black women—presented and answered questions from SRIC and IC about their funds

TOTAL FUND RETURN VS PEER UNIVERSE - GROSS

as of 6/30/20

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



	Return (Rank)															
5th Percentile	16.6	-0.2	5.0	6.9	6.3	7.7	8.8	6.9								
25th Percentile	14.1	-2.0	3.2	5.7	5.7	6.7	8.1	6.3								
Median	12.7	-3.8	2.1	4.9	5.3	6.2	7.3	5.9								
75th Percentile	11.0	-5.1	0.9	4.0	4.4	5.5	6.6	5.4								
95th Percentile	6.0	-6.6	-1.5	2.8	2.5	3.7	4.6	4.4								
# of Portfolios	98	98	98	91	84	75	61	47								
● Composite	13.7	(35)	-2.5	(28)	2.6	(41)	6.5	(8)	6.0	(19)	6.6	(32)	7.7	(37)	6.3	(22)
▲ Allocation Index	11.9	(62)	-3.7	(48)	2.1	(51)	4.8	(52)	5.1	(52)	5.9	(60)	6.8	(73)	5.7	(54)
× Policy Index	12.9	(44)	-3.4	(43)	2.6	(39)	5.5	(32)	5.6	(36)	6.3	(42)	7.2	(55)	5.6	(59)





UNITARIAN UNIVERSALIST COMMON ENDOWMENT FUND

UNITARIAN UNIVERSALIST ASSOCIATION

As of July 31, 2020

	Market Value (\$)	% of Portfolio	Policy %	1 Mo (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	4 Yrs (%)	5 Yrs (%)	7 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
Composite (Gross)	206,891,832	100.0	100.0	4.1	1.5	7.0	7.3	8.9	6.8	6.7	7.6	7.2	Jul-02
Allocation Index				3.6	-0.2	5.7	5.4	6.9	5.8	6.0	6.6	6.6	Jul-02
Policy Index				3.3	-0.2	5.9	6.0	7.4	6.2	6.4	7.0	--	Jul-02
Composite (Net)	206,891,832	100.0	100.0	4.1	0.9	5.9	6.1	7.7	5.7	5.6	6.4	6.1	Jul-02
Allocation Index				3.6	-0.2	5.7	5.4	6.9	5.8	6.0	6.6	6.6	Jul-02
Policy Index				3.3	-0.2	5.9	6.0	7.4	6.2	6.4	7.0	--	Jul-02
Domestic Equity Composite	64,743,376	31.3	32.0	5.0	1.9	8.0	12.0	13.2	10.3	11.4	14.0	10.4	Jul-02
Russell 3000				5.7	2.0	10.9	11.4	12.6	10.9	11.7	13.6	9.2	Jul-02
Large Cap Equity	47,644,154	23.0	22.0	5.9	7.5	14.0	14.9	15.8	13.0	13.0	--	14.8	Jul-12
Russell 1000				5.9	2.9	12.0	12.0	13.0	11.3	12.1	13.9	13.8	Jul-12
Rhumblin	20,659,384	10.0	10.0	3.8	-14.7	-7.6	4.4	6.4	6.7	7.6	10.4	6.5	Aug-05
Russell 1000 Value				4.0	-12.9	-6.0	2.7	5.4	5.4	6.9	10.1	6.3	Aug-05
Sands	21,218,201	10.3	7.0	8.1	36.1	41.2	26.6	25.9	19.1	18.6	20.2	14.0	Dec-03
Russell 1000 Growth				7.7	18.3	29.8	20.9	20.2	16.8	17.0	17.3	11.1	Dec-03
Ownership Capital Global Equity (USD) Fund, L.P.	5,766,568	2.8	5.0	5.4	--	--	--	--	--	--	--	15.3	May-20
MSCI Kokusai				5.3	-0.6	7.7	8.0	10.1	7.9	8.6	10.0	13.5	May-20
Small/Mid Cap Equity	17,099,223	8.3	10.0	2.6	-11.5	-6.5	4.8	6.5	2.6	6.6	--	9.4	Jul-12
Russell 2000				2.8	-10.6	-4.6	2.7	6.4	5.1	6.6	10.1	9.4	Jul-12
Wellington SMID	6,908,711	3.3	5.0	2.1	-26.9	-20.7	-3.6	-0.9	--	--	--	0.4	Apr-16
Russell 2500 Value				3.0	-18.8	-13.5	-1.9	1.9	2.8	4.4	8.4	3.8	Apr-16
WCM Investment Management	10,190,512	4.9	5.0	3.0	3.2	6.4	--	--	--	--	--	8.8	Jan-18
Russell 2000 Growth				3.4	0.3	6.0	8.8	11.0	7.5	9.4	12.6	6.2	Jan-18

- MSCI Kokusai is the MSCI World Index excluding Japan.



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	Market Value (\$)	% of Portfolio	Policy %	1 Mo (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	4 Yrs (%)	5 Yrs (%)	7 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
International Equity Composite	64,038,355	31.0	30.0	6.0	-2.0	7.3	5.4	8.8	5.7	5.0	4.9	6.0	Jul-02
MSCI ACWI ex USA				4.5	-7.0	0.7	1.4	5.5	3.2	3.7	4.5	6.1	Jul-02
International Equity	45,306,003	21.9	21.0	5.2	-1.4	8.3	5.7	9.2	5.6	5.5	--	7.3	Jul-12
MSCI EAFE				2.3	-9.3	-1.7	0.6	4.7	2.1	3.5	5.0	5.9	Jul-12
MFS International Concentrated	14,496,762	7.0	6.5	4.6	0.1	11.1	8.0	11.6	7.5	7.0	--	7.3	Apr-13
MSCI EAFE				2.3	-9.3	-1.7	0.6	4.7	2.1	3.5	5.0	3.9	Apr-13
Boston Common	12,606,703	6.1	6.5	4.4	-0.8	10.7	4.1	7.6	4.7	5.1	6.1	5.5	May-10
MSCI EAFE				2.3	-9.3	-1.7	0.6	4.7	2.1	3.5	5.0	4.5	May-10
Baxter Street	12,332,849	6.0	5.0	6.3	0.1	6.0	7.4	10.4	--	--	--	10.4	Apr-16
MSCI ACWI ex USA				4.5	-7.0	0.7	1.4	5.5	3.2	3.7	4.5	6.1	Apr-16
Cevian Capital II	5,869,689	2.8	3.0	6.2	-8.7	1.0	-0.2	4.4	1.7	--	--	1.3	May-15
HFRX Event Driven Index				0.9	2.5	9.8	0.1	2.7	1.9	1.3	2.1	1.4	May-15
MSCI EAFE				2.3	-9.3	-1.7	0.6	4.7	2.1	3.5	5.0	1.7	May-15
Emerging Market Equity	18,732,353	9.1	9.0	7.9	-3.5	3.4	4.0	7.3	4.9	3.4	--	3.4	Jul-12
MSCI Emerging Markets				8.9	-1.7	6.5	2.8	7.9	6.1	4.3	3.3	4.2	Jul-12
RBC Global Emerging Equity	9,363,622	4.5	4.5	8.0	-2.8	3.0	3.9	7.0	--	--	--	7.5	Jul-16
MSCI Emerging Markets				8.9	-1.7	6.5	2.8	7.9	6.1	4.3	3.3	9.1	Jul-16
Acadian Emerging Markets Equity Fund	9,368,731	4.5	4.5	7.8	-4.1	--	--	--	--	--	--	-4.1	Jan-20
MSCI Emerging Markets				8.9	-1.7	6.5	2.8	7.9	6.1	4.3	3.3	-1.7	Jan-20



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	Market Value (\$)	% of Portfolio	Policy %	1 Mo (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	4 Yrs (%)	5 Yrs (%)	7 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
Fixed Income Composite	63,972,417	30.9	31.0	2.3	4.9	6.5	3.8	3.8	3.7	3.5	4.2	4.5	Jul-02
<i>BBgBarc US Aggregate TR</i>				1.5	7.7	10.1	5.7	4.1	4.5	4.2	3.9	4.7	Jul-02
High Quality Fixed Income	28,902,575	14.0	14.0	0.8	6.5	8.3	5.3	4.0	4.3	--	--	3.9	Oct-14
<i>BBgBarc US Aggregate TR</i>				1.5	7.7	10.1	5.7	4.1	4.5	4.2	3.9	4.2	Oct-14
Breckinridge-Treasury	4,091,623	2.0	2.0	4.2	26.8	30.9	13.6	--	--	--	--	12.6	Mar-17
<i>BBgBarc US Treasury Long TR</i>				4.2	26.3	30.5	13.8	7.4	9.4	9.3	8.2	12.9	Mar-17
Breckinridge - Corporate	9,439,996	4.6	5.0	0.8	6.6	8.5	4.9	3.6	3.8	--	--	3.6	Nov-14
<i>BBgBarc US Govt/Credit Int TR</i>				0.7	6.1	8.0	4.5	3.4	3.5	3.2	3.1	3.3	Nov-14
Stone Castle FICA for Impact	15,370,955	7.4	7.0	0.0	0.5	--	--	--	--	--	--	0.5	Jan-20
<i>91 Day T-Bills</i>				0.0	0.4	1.1	1.6	1.4	1.1	0.8	0.6	0.4	Jan-20
Flexible Fixed Income	35,069,842	17.0	17.0	3.5	3.5	5.0	3.0	3.9	3.3	3.2	--	3.3	Jul-12
<i>BBgBarc US Aggregate TR</i>				1.5	7.7	10.1	5.7	4.1	4.5	4.2	3.9	3.5	Jul-12
Brandywine Global Opportunistic	12,746,735	6.2	6.0	6.1	3.6	7.6	2.4	--	--	--	--	4.6	Mar-17
<i>FTSE WGBI TR</i>				3.6	7.9	8.9	4.6	2.7	4.3	2.5	2.4	5.5	Mar-17
Loomis Multi Sector	13,364,057	6.5	6.0	3.5	10.9	13.4	7.0	--	--	--	--	7.2	Mar-17
<i>BBgBarc US Govt/Credit TR</i>				2.0	9.4	12.1	6.4	4.6	5.0	4.5	4.2	6.2	Mar-17
Franklin Templeton GMS	8,959,050	4.3	5.0	0.0	-6.0	-9.7	-2.0	--	--	--	--	-1.6	Mar-17
<i>BBgBarc Multiverse</i>				3.3	5.9	7.5	4.2	3.0	4.3	2.9	2.9	5.1	Mar-17
Opportunistic Investments	510,267	0.2	0.0-10.0	-0.5	-4.7	-3.2	0.6	2.8	1.5	2.3	--	--	Jan-08
<i>CPI + 5% (Unadjusted)</i>				0.9	3.7	6.0	7.0	7.0	6.7	6.6	6.8	6.8	Jan-08
Entrust Class X	510,267	0.2	0.0	-0.5	-4.7	-7.2	-5.0	--	--	--	--	-4.9	Jan-17



UNITARIAN UNIVERSALIST ASSOCIATION

As of July 31, 2020

	Market Value (\$)	% of Portfolio	Policy %	1 Mo (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	4 Yrs (%)	5 Yrs (%)	7 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
Private Markets	9,888,195	4.8	5.0	-0.5	-4.9	-4.5	3.8	6.9	5.8	--	--	6.2	May-14
<i>Private Markets Custom Benchmark</i>				<i>0.5</i>	<i>-8.3</i>	<i>-4.4</i>	<i>8.0</i>	<i>10.1</i>	<i>9.5</i>	<i>--</i>	<i>--</i>	<i>9.6</i>	<i>May-14</i>
Impact Funds	3,642,332	1.8	--	7.3	0.8	5.7	-4.0	--	--	--	--	--	--
HCAP Partners IV LP	1,060,993	0.5											
Generation IM SS Fund III	720,077	0.3											
SJF Ventures	1,666,710	0.8											
RRG Sustainable	194,552	0.1											
Non Impact Funds	6,245,862	3.0	--	-3.9	-7.3	-8.6	3.2	6.9	5.8	--	--	--	--
Canvas Distressed Credit Fund	1,594,790	0.8											
Brockton Capital Fund III	1,111,950	0.5											
FEG Private Opportunities Fund	1,195,702	0.6											
OCP Orchard Landmark	2,343,421	1.1		1.6	1.4	-0.3	--	--	--	--	--	5.9	Nov-17
<i>JP Morgan Corporate EMBI Broad TR USD</i>				<i>2.4</i>	<i>2.9</i>	<i>6.1</i>	<i>5.5</i>	<i>5.7</i>	<i>6.0</i>	<i>5.7</i>	<i>5.7</i>	<i>5.4</i>	<i>Nov-17</i>
Community Development	2,674,207	1.3	1.0	0.0	1.1	1.5	1.4	1.4	1.3	1.2	1.4	1.6	Jul-07
91 Day T-Bills				0.0	0.4	1.1	1.6	1.4	1.1	0.8	0.6	0.7	Jul-07
Cash and Other	1,065,015	0.5	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 \$907,911 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 **13.7%** (gross of fees)* during **Q2 of 2020**, ranking in the **35th** percentile of the endowment universe, outperforming the allocation and policy indices.
- June 30th marked the end of the fiscal year. For the 1-year trailing period, the portfolio returned 2.6% outperforming the allocation index and in line with the policy index.
- For the trailing 3, 5 and 7-year periods, performance ranked in the top third relative to peers.
- In July of 2020, the endowment returned **4.1%** (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.

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.

= ACTUAL ASSET WEIGHTS X INDEX RETURNS

Glossary:

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

Contact information

For specific questions about the UUCEF please contact:

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- Andrew McGeorge, Treasurer and CFO

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