



UUCEF, LLC Investor Call

March 9, 2021

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

- Highlights from 2/24/2021 IC/SRIC Meeting
- Performance Review as of December 31, 2020
- Sub-Committee Updates
- Questions and Answers

2/24/2021 Meeting Highlights

- [“Achieving True Racial Equity in Asset Management in Deployment Spaces”](#)

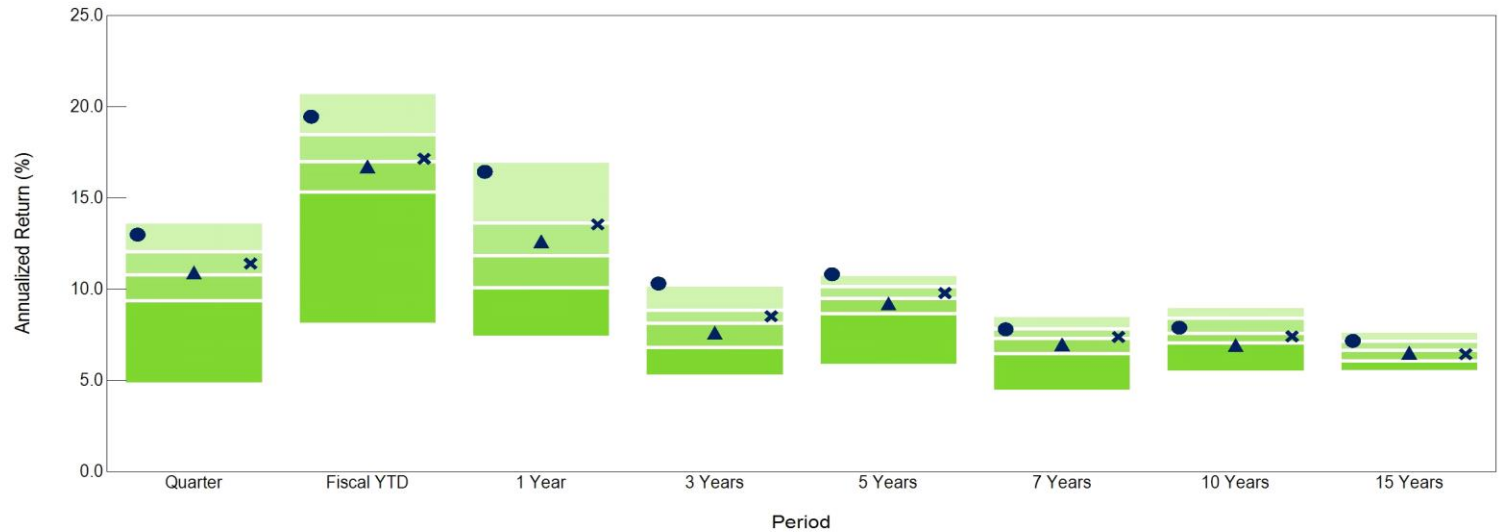
from the 2020 SOCAP Global Conference.
Panelists: Yvonne Moore, Moore Philanthropy,
Rachel Robasciotti, Adasina Social Capital,
Ada Williams Prince, Pivotal Ventures and
Bahiyah Robinson, VC Include.

Highlights continued

- Global Equity Allocation
- Sub-Committee Updates
 - Investment Policy Statement Sub-Committee
 - Community Investing Sub-Committee
 - Screening Sub-Committee

TOTAL FUND RETURN VS PEER UNIVERSE - GROSS - December 31, 2020

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



	Return (Rank)															
	Quarter	Fiscal YTD	1 Year	3 Years	5 Years	7 Years	10 Years	15 Years	Quarter	Fiscal YTD	1 Year	3 Years	5 Years	7 Years	10 Years	15 Years
5th Percentile	13.7	20.8	17.0	10.2	10.8	8.5	9.0	7.7	13.7	20.8	17.0	10.2	10.8	8.5	9.0	7.7
25th Percentile	12.1	18.5	13.6	8.9	10.1	7.8	8.4	7.2	12.1	18.5	13.6	8.9	10.1	7.8	8.4	7.2
Median	10.8	17.0	11.9	8.1	9.5	7.3	7.6	6.7	10.8	17.0	11.9	8.1	9.5	7.3	7.6	6.7
75th Percentile	9.4	15.3	10.1	6.8	8.7	6.5	7.1	6.1	9.4	15.3	10.1	6.8	8.7	6.5	7.1	6.1
95th Percentile	4.8	8.1	7.4	5.3	5.8	4.4	5.5	5.5	4.8	8.1	7.4	5.3	5.8	4.4	5.5	5.5
# of Portfolios	120	120	119	114	107	97	84	61	120	120	119	114	107	97	84	61
● Composite	13.0 (11)	19.5 (11)	16.4 (8)	10.3 (4)	10.8 (5)	7.8 (29)	7.9 (44)	7.2 (26)	13.0 (11)	19.5 (11)	16.4 (8)	10.3 (4)	10.8 (5)	7.8 (29)	7.9 (44)	7.2 (26)
▲ Allocation Index	10.9 (49)	16.7 (55)	12.6 (39)	7.6 (69)	9.2 (60)	7.0 (63)	6.9 (77)	6.5 (57)	10.9 (49)	16.7 (55)	12.6 (39)	7.6 (69)	9.2 (60)	7.0 (63)	6.9 (77)	6.5 (57)
× Policy Index	11.4 (42)	17.2 (49)	13.5 (28)	8.5 (38)	9.8 (35)	7.4 (47)	7.4 (55)	6.4 (62)	11.4 (42)	17.2 (49)	13.5 (28)	8.5 (38)	9.8 (35)	7.4 (47)	7.4 (55)	6.4 (62)

TOTAL FUND PERFORMANCE DETAIL - NET - December 31, 2020

	Market Value (\$)	% of Portfolio	Policy %	3 Mo (%)	Fiscal YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	7 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
Composite	243,485,807	100.0	100.0	12.8	19.0	15.3	9.1	9.6	6.7	6.8	6.7	Jul-02
Allocation Index				10.9	16.7	12.6	7.6	9.2	7.0	6.9	7.2	Jul-02
Policy Index				11.4	17.2	13.5	8.5	9.8	7.4	7.4	--	Jul-02
Domestic Equity Composite	82,850,854	34.0	33.0	20.8	31.1	27.3	17.5	16.3	12.8	14.4	11.5	Jul-02
Russell 3000				14.7	25.2	20.9	14.5	15.4	12.8	13.8	10.0	Jul-02
Large Cap Equity	55,819,233	22.9	27.0	17.1	28.5	30.5	19.7	17.8	14.1	--	16.6	Jul-12
Russell 1000				13.7	24.5	21.0	14.8	15.6	13.0	14.0	15.3	Jul-12
Rhumbline	24,297,430	10.0		16.8	22.2	0.4	6.9	10.8	8.9	10.7	7.5	Aug-05
Russell 1000 Value				16.3	22.8	2.8	6.1	9.7	8.2	10.5	7.3	Aug-05
Sands	19,341,768	7.9		18.0	35.9	71.1	34.3	24.8	19.2	20.3	15.2	Dec-03
Russell 1000 Growth				11.4	26.1	38.5	23.0	21.0	17.5	17.2	11.9	Dec-03
Ownership Capital Global Equity (USD) Fund, L.P.	12,180,034	5.0		15.1	25.2	--	--	--	--	--	37.0	May-20
MSCI Kokusai				13.9	23.0	16.0	11.0	12.5	9.4	10.2	32.5	May-20
Small/Mid Cap Equity	27,031,622	11.1	6.0	30.7	37.6	18.6	11.8	12.1	8.8	--	12.8	Jul-12
Russell 2000				31.4	37.9	20.0	10.2	13.3	9.3	11.2	12.8	Jul-12
Wellington SMID	13,045,643	5.4		32.8	32.2	-5.4	2.9	--	--	--	6.0	Apr-16
Russell 2500 Value				28.5	33.1	4.9	4.3	9.4	6.8	9.3	9.2	Apr-16
WCM Investment Management	13,985,979	5.7		29.5	41.4	41.6	19.5	--	--	--	19.5	Jan-18
Russell 2000 Growth				29.6	38.9	34.6	16.2	16.4	12.1	13.5	16.2	Jan-18
International Equity Composite	73,452,362	30.2	22.0	15.8	24.9	15.5	9.1	11.2	6.2	5.3	6.8	Jul-02
MSCI ACWI ex USA				17.0	24.3	10.7	4.9	8.9	4.8	4.9	7.0	Jul-02
International Equity	51,099,970	21.0	14.0	14.5	23.4	15.7	9.6	10.8	6.4	--	9.0	Jul-12
MSCI EAFE				16.0	21.6	7.8	4.3	7.4	4.4	5.5	7.8	Jul-12
MFS International Concentrated	16,839,574	6.9		12.8	21.2	16.0	11.2	12.4	7.8	--	8.9	Apr-13
MSCI EAFE				16.0	21.6	7.8	4.3	7.4	4.4	5.5	6.1	Apr-13
Boston Common	15,125,156	6.2		16.0	25.3	19.1	8.7	10.3	6.2	6.7	7.1	May-10
MSCI EAFE				16.0	21.6	7.8	4.3	7.4	4.4	5.5	6.0	May-10
Baxter Street	12,247,342	5.0		13.4	23.4	16.2	11.3	--	--	--	12.9	Apr-16
MSCI ACWI ex USA				17.0	24.3	10.7	4.9	8.9	4.8	4.9	9.5	Apr-16
Cevian Capital II	6,887,899	2.8		17.7	24.6	7.2	2.7	8.4	--	--	4.1	May-15
HFRX Event Driven Index				4.1	7.2	8.9	1.9	4.6	1.6	2.5	2.4	May-15
MSCI EAFE				16.0	21.6	7.8	4.3	7.4	4.4	5.5	4.8	May-15

TOTAL FUND PERFORMANCE DETAIL - NET - December 31, 2020

	Market Value (\$)	% of Portfolio	Policy %	3 Mo (%)	Fiscal YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	7 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
Emerging Market Equity	22,352,392	9.2	8.0	18.9	28.6	15.1	7.2	11.1	5.1	--	5.4	Jul-12
<i>MSCI Emerging Markets</i>				19.7	31.1	18.3	6.2	12.8	6.2	3.6	6.3	Jul-12
RBC Global Emerging Equity	11,234,006	4.6		18.3	29.6	16.6	7.4	--	--	--	11.2	Jul-16
<i>MSCI Emerging Markets</i>				19.7	31.1	18.3	6.2	12.8	6.2	3.6	12.8	Jul-16
Acadian Emerging Markets Equity Fund	11,118,386	4.6		19.5	27.6	13.5	--	--	--	--	13.5	Jan-20
<i>MSCI Emerging Markets</i>				19.7	31.1	18.3	6.2	12.8	6.2	3.6	18.3	Jan-20
Global Equity			10.0									
Fixed Income Composite	65,316,118	26.8	26.0	3.0	4.3	7.0	4.2	4.3	3.7	4.0	4.5	Jul-02
<i>BBgBarc US Aggregate TR</i>				0.7	1.3	7.5	5.3	4.4	4.1	3.8	4.6	Jul-02
High Quality Fixed Income	28,682,512	11.8	12.0	-0.2	0.1	5.6	4.7	4.1	--	--	3.5	Oct-14
<i>BBgBarc US Aggregate TR</i>				0.7	1.3	7.5	5.3	4.4	4.1	3.8	3.9	Oct-14
Breckinridge-Treasury	3,812,608	1.6		-3.0	-2.9	18.2	9.8	--	--	--	9.2	Mar-17
<i>BBgBarc US Treasury Long TR</i>				-3.0	-2.9	17.7	9.9	7.8	8.8	7.8	9.4	Mar-17
Breckinridge - Corporate	9,488,169	3.9		0.6	1.3	7.1	5.0	3.8	--	--	3.5	Nov-14
<i>BBgBarc US Govt/Credit Int TR</i>				0.5	1.1	6.4	4.7	3.6	3.2	3.1	3.1	Nov-14
Stone Castle FICA for Impact	15,381,735	6.3		0.0	0.1	0.5	--	--	--	--	0.5	Jan-20
<i>91 Day T-Bills</i>				0.0	0.0	0.5	1.5	1.1	0.8	0.6	0.5	Jan-20
Flexible Fixed Income	36,633,607	15.0	14.0	5.7	7.9	7.9	4.2	4.6	3.7	--	3.6	Jul-12
<i>BBgBarc US Aggregate TR</i>				0.7	1.3	7.5	5.3	4.4	4.1	3.8	3.3	Jul-12
Brandywine Global Opportunistic	13,759,821	5.7		10.5	14.3	11.7	5.0	--	--	--	6.2	Mar-17
<i>FTSE WGBI TR</i>				2.8	5.8	10.1	5.0	4.8	2.8	2.3	5.5	Mar-17
Loomis Multi Sector	13,891,031	5.7		4.5	7.4	15.0	7.7	--	--	--	7.4	Mar-17
<i>BBgBarc US Govt/Credit TR</i>				0.8	1.6	8.9	6.0	5.0	4.4	4.2	5.4	Mar-17
<i>65% BBgBarc Aggregate / 35% BBgBarc HY</i>				2.7	4.7	7.6	5.8	5.9	4.7	4.9	5.4	Mar-17
Franklin Templeton GMS	8,982,754	3.7		0.6	0.0	-6.0	-2.1	--	--	--	-1.4	Mar-17
<i>BBgBarc Multiverse</i>				3.5	6.3	9.0	4.8	5.0	3.1	3.0	5.3	Mar-17

TOTAL FUND PERFORMANCE DETAIL - NET - December 31, 2020

	Market Value (\$)	% of Portfolio	Policy %	3 Mo (%)	Fiscal YTD	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	7 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
Opportunistic Investments	498,158	0.2	0.0	-1.9	-2.8	-7.0	-1.6	2.5	1.3	2.9	--	Jan-08
<i>CPI + 5% (Unadjusted)</i>				1.3	3.5	6.4	6.9	7.0	6.7	6.8	6.7	Jan-08
Entrust Class X	498,158	0.2		-1.9	-2.8	-7.0	-5.2	--	--	--	-5.0	Jan-17
Private Markets	11,822,078	4.9	5.0	13.7	16.7	11.6	8.2	8.1	--	--	8.4	May-14
<i>Private Markets Custom Benchmark</i>				0.9	10.4	7.8	10.5	12.2	--	--	11.7	May-14
Impact Funds	6,301,226	2.6	--	21.9	28.6	25.0	13.1	10.4	--	--	--	
HCAP Partners IV LP	1,598,423	0.7										
Generation IM SS Fund III	793,460	0.3										
SJF Ventures	2,308,074	0.9										
RRG Sustainable	187,984	0.1										
Brockton Capital Fund III	1,413,286	0.6										
Non Impact Funds	5,520,852	2.3	--	5.1	5.5	-0.2	3.4	5.7	--	--	--	
Canvas Distressed Credit Fund	1,703,271	0.7										
FEG Private Opportunities Fund	1,429,764	0.6										
OCP Orchard Landmark	2,387,817	1.0		1.2	3.5	3.3	5.6	--	--	--	5.8	Nov-17
<i>JP Morgan Corporate EMBI Broad TR USD</i>				3.8	6.8	7.4	6.3	7.5	6.0	5.8	6.0	Nov-17
Community Development	2,880,602	1.2	3.0	0.1	0.4	1.4	1.5	1.3	1.2	1.4	1.6	Jul-07
<i>91 Day T-Bills</i>				0.0	0.0	0.5	1.5	1.1	0.8	0.6	0.7	Jul-07
Cash and Other	6,665,634	2.7	1.0									
Cash Account	6,095,471	2.5										

- Fiscal Year End: 6/30

- Cevian Capital II is included in the International Equity composite as of 5/1/2019.

- WCM Investment Management returns include Kennedy Capital returns from January 2018 to February 2019

- OCP Orchard performance is reported on a one month lag.

-Private Markets Custom Benchmark consists of 75% CJA US Private Equity Index & 25% Credit Suisse Leveraged Loan Index as of 9/1/2018. The benchmark consisted of CJA Global All Private Equity Vintage Year 2013+ 1 Qtr Lag benchmark prior to 9/1/2018 and CJA US Private Equity Index prior to 4/1/2015.

- Cash Market Value includes \$806,058 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 **13.0%** (gross of fees)* during **Q4 of 2020**, ranking in the **11th** percentile of the endowment universe, outperforming the allocation and policy indices.
- For the calendar year 2020, the portfolio returned **16.4%** outperforming the allocation and policy indices significantly.
- For the trailing 3- and 5-year periods, performance ranked in the top decile relative to 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.

Global Equity Allocation

- In December, the committee approved a dedicated allocation of 10% to Global Equity
- Our consultant, NEPC, provided research on four investment managers for consideration in the UUCEF

GQG IFP Lindsell Train Walter Scott

- At the February 24th meeting the committee voted to hire GQG fulfilling 5% of the 10% target allocation with funding coming equally from Wellington and WCM Capital in the small cap allocation
- Next steps are to meet with two additional managers to complete the Global Equity allocation

Investment Policy Statement Sub-Committee Update

- Goal is to integrate all investment policies (Investment, Socially Responsible Investment and Community Investment)
- Make language accessible for non-professionals
- Goals should go beyond numeric value and describe how returns are used to support mission and spending goals

Community Investment Sub-Committee Update

- Discussed expanding the investment decision framework to include Impact alongside the traditional and limited Risk and Return criteria
- Gathered information and discussed potential for broader range of investments for the UUCEF to address the lack of access to capital for BIPOC managers
- There is significant opportunity for the UUCEF to consider new types of Impact investments as growth in both supply and demand is increasing
- One example the sub-committee will be looking at is the Opportunity Finance Network's new fund on racial equity

Community Investment Sub-Committee Update continued

- Held calls with:
 - The Kaufman Foundation to learn about their due diligence process for impact investments and about their investment in the 1863 Fund
 - Living Cities to learn about their decision to provide capital directly to 1863 Ventures

Screening Sub-Committee

- Implementing the Business Resolution on human rights investing
 - Review Sustainalytics' products Human Rights Radar and Global Screening Standards
 - Communicating information on investments and screening with UU social justice groups
- Following up on concerns raised by UU social justice activists about holdings in Enbridge

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:

- Susan Helbert, Assistant to the Treasurer

617-948-4306

shelbert@uua.org

- Andrew McGeorge, Treasurer and CFO

617-948-4305

amcgeorge@uua.org