



UUCEF, LLC Investor Call

June 11, 2021

2pm Eastern

Presenters:

Brian Lasher, Member, 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, 2021
- Fund Commentary
- Value-Add Update
- Questions and Answers

TOTAL FUND PERFORMANCE SUMMARY - GROSS - 3/31/2021

	Market Value	3 Mo	Rank	Fiscal YTD	Rank	1 Yr	Rank	3 Yrs	Rank	5 Yrs	Rank	7 Yrs	Rank	10 Yrs	Rank	15 Yrs	Rank
Composite	\$254,332,951	2.1%	88	22.0%	37	38.7%	36	10.7%	10	11.3%	11	7.9%	31	7.7%	45	7.1%	29
<i>Allocation Index</i>		2.6%	76	20.1%	63	34.5%	66	8.9%	67	9.6%	61	7.2%	60	6.9%	82	6.4%	64
<i>Policy Index</i>		2.6%	76	20.7%	51	36.8%	48	9.7%	41	10.3%	41	7.6%	42	7.4%	54	6.4%	67
<i>InvMetrics All Endowment \$50mm-\$250mm Gross Median</i>		3.2%		20.8%		36.7%		9.4%		10.0%		7.5%		7.5%		6.7%	

- The Endowment returned 2.1% (gross of fees) during Q1 of 2021, ranking in the 88th percentile of the universe, underperforming both the allocation and the policy index
 - Active management detracted 50 bps for the quarter
 - Allocation differences from the policy have a negligible impact on performance
- For the trailing 3- and 5-year periods, performance ranks in the top quartile relative to peers, specifically in the 10th and 11th percentile of the universe
- For the calendar year 2020, the portfolio returned 16.4% outperforming the allocation and policy indices significantly and ranking in the 8th percentile of the universe

Fund Commentary

- Over the last year, Sands Capital was the largest contributor to the UUCEF's performance.
- The UUCEF has a separately managed account with Sands which was up 83.5% versus 62.5% for the benchmark during this period.
- Since April 1, 2020, the UUCEF's fixed income investments have returned 6.4% versus the Bloomberg Barclays US Aggregate Total Return index which gained only 0.7%.
- The Investment Committee has been focused on having a mix of flexible bond investments that could adapt to the changing environment.

Value Add Update: Global Equity Allocation

- In December, the committee approved a dedicated allocation of 10% to Global Equity to provide flexibility between stock investments in the U.S. versus the rest of the World.
- A 5% allocation to GQG (\$12 million) was initiated on April 7 to fulfill half of the new global equity allocation.
- A 5% allocation to Lindsell Train (\$12 million) was initiated on May 1 to fulfill the remaining allocation.

Value Add Update: Shareholder Advocacy Updates

Depth of Engagement

- Engaged **18** companies
- **7** settled for agreement
- **3** ongoing engagements through CA100+
- **4** voted at AGM
- **3** achieved 30%+ support; 1 not yet reported

Note: Glass Lewis, the proxy voting advisor, says boards should respond to filers when support reaches 20% or more

High Level Themes

- Lobbying and political spending transparency
- Climate change – GHG targets aligned with Paris Agreement (net 0)
- Human rights – threats from technology
- Racial justice – full disclosure of diversity data

Successes

- **Abbott Labs** – lobbying transparency: vote up 70% from last year to 34%
- **Amazon** – human rights concerns re: surveillance technology 35% support
- **Comcast** – will set net zero emissions target aligned with Paris Agreement
- **CSX** – will report on alignment of lobbying with Paris Agreement
- **Ford Motor Company** – issued report disclosing lobbying expenditures and alignment with Paris Agreement
- **Delta, Kinder Morgan, T-Mobile** – will issue reports on political spending
- **Thermo Fisher Scientific** – will disclose EEO-1 diversity data
- **Devon, Xcel, Exelon** – productive dialogue through CA100+
- **New SRI News page:**
<https://www.uua.org/finance/investment/sri/sri-news>

Value Add Update: Investment Screening

- The fund currently purchases subscriptions to three screening tools from Sustainalytics, two of which are new over the past year:
 - Sustainalytics Global Standards Screening - assesses companies on the Ten Principles of the United Nations Global Compact, which are based on four separate agreements, including the Universal Declaration of Human Rights.
 - 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.
- Continuing to implement the Human Right Resolution with the following goals consistent with the resolution:
 - To divest from companies that are egregious violators.
 - To set engagement priorities for other companies (involved but not egregious).
- Recently, disallowed 5 companies due to declines in general ESG performance relative to their industry competitors and allowed 11 companies that improved in their performance.

Value Add Update: Mission Aligned Investments

- The fund committed \$2.5MM to the GCM Grosvenor Advance Fund, demonstrating our dedication to Racial Justice Investing.
 - This fund is managed by a 10-person BIPOC team within Grosvenor.
 - The portfolio will be constructed with approximately 60% allocated to primary fund commitments and 40% to direct co-investments in companies.
 - At the time of the Fund's investment, the positions are managed and/or sponsored by firms where women and ethnic minorities own 33% or more of the management company and/or relevant fund economics.
 - It is the firm's first dedicated effort to BIPOC, but they have invested in many of the target funds in the past. They have already made 10-12 investments in the fund.
 - The UUCEF can gain immediate exposure to BIPOC funds and companies as well as the UUCEF can invest in the underlying funds on their next raise.
- The fund complements UUCEF's other impact-focused private market investments which are up 32%, fiscal-year-to-date.

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

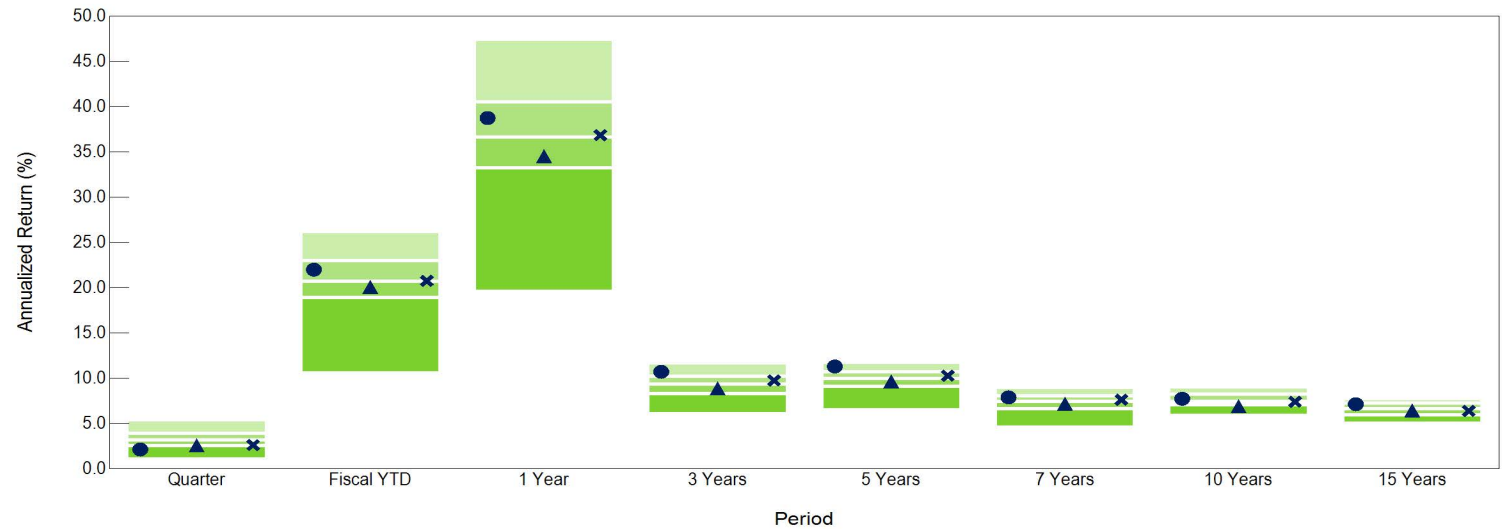
- Across Asset Classes:
 - Domestic equities: large cap, small cap, growth, value
 - International equities: developed, emerging
 - Fixed income: treasuries, core bonds, multi-sector, opportunistic
 - Opportunistic investments: hedge funds, global asset allocation
 - Private markets
- See <https://uucef.org/files/2021/05/UUA-Managers-May-2021.pdf> for information on the investment managers.

Asset Allocation Targets

Asset Class	Target Allocation
Domestic Equity	33%
International Equity	22%
Global Equity	10%
Fixed Income	26%
Private Markets	5%
Community Investments	3%
Cash	1%

TOTAL FUND RETURN VS PEER UNIVERSE - GROSS AS OF 3/31/21

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



	Return (Rank)															
5th Percentile	5.4		26.2		47.4		11.7		11.7		8.9		9.0		7.7	
25th Percentile	4.0		23.0		40.6		10.2		10.7		8.1		8.2		7.3	
Median	3.2		20.8		36.7		9.4		10.0		7.5		7.5		6.7	
75th Percentile	2.6		19.0		33.3		8.3		9.1		6.7		7.1		6.0	
95th Percentile	1.1		10.6		19.6		6.1		6.5		4.6		5.9		5.1	
# of Portfolios	93		92		91		89		84		78		65		52	
● Composite	2.1	(88)	22.0	(37)	38.7	(36)	10.7	(10)	11.3	(11)	7.9	(31)	7.7	(45)	7.1	(29)
▲ Allocation Index	2.6	(76)	20.1	(63)	34.5	(66)	8.9	(67)	9.6	(61)	7.2	(60)	6.9	(82)	6.4	(64)
× Policy Index	2.6	(76)	20.7	(51)	36.8	(48)	9.7	(41)	10.3	(41)	7.6	(42)	7.4	(54)	6.4	(67)

TOTAL FUND PERFORMANCE DETAIL - NET AS OF 3/31/2021

	Market Value (\$)	% of Portfolio	Policy %	3 Mo (%)	Fiscal YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	7 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
Composite	254,332,951	100.0	100.0	1.9	21.2	37.5	9.6	10.1	6.7	6.6	6.7	Jul-02
Allocation Index				2.6	20.1	34.5	8.9	9.6	7.2	6.9	7.2	Jul-02
Policy Index				2.6	20.7	36.8	9.7	10.3	7.6	7.4	—	Jul-02
Domestic Equity Composite	87,080,616	34.2	33.0	5.0	37.7	71.3	18.2	18.2	13.3	14.2	11.6	Jul-02
Russell 3000				6.3	33.2	62.5	17.1	16.6	13.4	13.8	10.2	Jul-02
Large Cap Equity	64,336,306	25.3	27.0	3.5	32.9	65.7	19.4	19.3	14.4	--	16.6	Jul-12
Russell 1000				5.9	31.8	60.6	17.3	16.7	13.6	14.0	15.5	Jul-12
Rhumbline	29,991,406	11.8		10.4	34.9	52.5	10.9	12.4	10.1	11.2	8.0	Aug-05
Russell 1000 Value				11.3	36.6	56.1	11.0	11.7	9.4	11.0	7.9	Aug-05
Sands	18,874,555	7.4		-2.6	32.3	83.5	29.1	26.7	18.8	19.5	14.8	Dec-03
Russell 1000 Growth				0.9	27.3	62.7	22.8	21.0	17.5	16.6	11.8	Dec-03
Ownership Capital Global Equity (USD) Fund, L.P.	15,470,345	6.1		-1.3	23.6	—	--	--	—	--	35.3	May-20
MSCI Kokusai				5.2	29.4	55.4	13.4	13.6	9.9	10.1	39.4	May-20
Small/Mid Cap Equity	22,744,310	8.9	6.0	8.1	48.7	84.1	14.6	15.1	9.4	--	13.4	Jul-12
Russell 2000				12.7	55.4	94.8	14.8	16.4	11.0	11.7	13.9	Jul-12
Wellington SMID	14,902,242	5.9		14.0	50.6	68.0	8.4	8.5	—	--	8.5	Apr-16
Russell 2500 Value				16.8	55.5	87.5	10.9	12.2	8.7	10.2	12.2	Apr-16
WCM Investment Management	7,842,068	3.1		2.5	44.9	94.0	19.3	--	—	--	18.7	Jan-18
Russell 2000 Growth				4.9	45.7	90.2	17.2	18.6	12.8	13.0	16.6	Jan-18
International Equity Composite	75,624,355	29.7	22.0	2.9	28.5	51.2	10.3	11.6	6.7	5.3	6.8	Jul-02
MSCI ACWI ex USA				3.5	28.7	49.4	6.5	9.8	5.3	4.9	7.1	Jul-02
International Equity	52,114,298	20.5	14.0	1.9	25.7	48.2	10.4	11.7	6.9	--	9.0	Jul-12
MSCI EAFE				3.5	25.8	44.6	6.0	8.8	4.8	5.5	8.0	Jul-12
MFS International Concentrated	16,768,418	6.6		-0.6	20.4	39.8	11.5	12.7	7.9	--	8.5	Apr-13
MSCI EAFE				3.5	25.8	44.6	6.0	8.8	4.8	5.5	6.3	Apr-13
Boston Common	15,118,623	5.9		0.0	25.2	47.2	8.7	10.6	6.2	6.4	7.0	May-10
MSCI EAFE				3.5	25.8	44.6	6.0	8.8	4.8	5.5	6.2	May-10
Baxter Street	12,307,479	4.8		0.5	24.0	48.1	11.2	12.3	—	--	12.3	Apr-16
MSCI ACWI ex USA				3.5	28.7	49.4	6.5	9.8	5.3	4.9	9.8	Apr-16
Cevian Capital II	7,919,778	3.1		15.0	43.3	71.6	9.4	11.2	—	--	6.4	May-15
HFRX Event Driven Index				1.7	9.0	17.2	4.2	5.2	1.4	2.4	2.6	May-15
MSCI EAFE				3.5	25.8	44.6	6.0	8.8	4.8	5.5	5.2	May-15

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	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	23,510,057	9.2	8.0	5.1	35.2	58.1	9.4	10.6	5.8	--	5.8	Jul-12
<i>MSCI Emerging Markets</i>				2.3	34.1	58.4	6.5	12.1	6.6	3.7	6.4	Jul-12
RBC Global Emerging Equity	11,584,894	4.6		3.1	33.7	56.5	8.8	--	--	--	11.3	Jul-16
<i>MSCI Emerging Markets</i>				2.3	34.1	58.4	6.5	12.1	6.6	3.7	12.6	Jul-16
Acadian Emerging Markets Equity Fund	11,925,163	4.7		7.1	36.6	59.7	--	--	--	--	16.9	Jan-20
<i>MSCI Emerging Markets</i>				2.3	34.1	58.4	6.5	12.1	6.6	3.7	16.5	Jan-20
Global Equity			10.0									
Fixed Income Composite	64,078,381	25.2	26.0	-2.6	1.5	6.4	3.1	3.4	3.0	3.5	4.3	Jul-02
<i>BBgBarc US Aggregate TR</i>				-3.4	-2.1	0.7	4.7	3.1	3.3	3.4	4.3	Jul-02
High Quality Fixed Income	31,319,985	12.3	12.0	-2.1	-2.0	-0.6	4.6	3.1	--	--	3.0	Oct-14
<i>BBgBarc US Aggregate TR</i>				-3.4	-2.1	0.7	4.7	3.1	3.3	3.4	3.2	Oct-14
Breckinridge-Treasury	3,288,370	1.3		-12.8	-15.3	-15.4	6.2	--	--	--	5.0	Mar-17
<i>BBgBarc US Treasury Long TR</i>				-13.5	-16.0	-15.8	5.9	3.1	5.5	6.3	5.0	Mar-17
Breckinridge - Corporate	7,047,744	2.8		-1.5	-0.3	3.9	4.8	3.0	--	--	3.1	Nov-14
<i>BBgBarc US Govt/Credit Int TR</i>				-1.9	-0.8	2.0	4.4	2.8	2.8	2.9	2.7	Nov-14
Stone Castle FICA for Impact	20,983,871	8.3		0.0	0.1	0.2	--	--	--	--	0.4	Jan-20
<i>91 Day T-Bills</i>				0.0	0.1	0.1	1.4	1.1	0.8	0.6	0.4	Jan-20
Flexible Fixed Income	32,758,396	12.9	14.0	-3.2	4.5	12.6	2.5	3.9	3.0	--	3.2	Jul-12
<i>BBgBarc US Aggregate TR</i>				-3.4	-2.1	0.7	4.7	3.1	3.3	3.4	2.8	Jul-12
Brandywine Global Opportunistic	11,968,127	4.7		-3.9	9.9	21.0	2.3	--	--	--	4.8	Mar-17
<i>FTSE WGBI TR</i>				-5.7	-0.2	1.8	2.1	2.1	1.5	1.7	3.6	Mar-17
Loomis Multi Sector	12,085,142	4.8		-2.4	4.8	17.1	7.0	--	--	--	6.3	Mar-17
<i>BBgBarc US Govt/Credit TR</i>				-4.3	-2.7	0.9	5.0	3.4	3.5	3.7	4.0	Mar-17
<i>65% BBgBarc Aggregate / 35% BBgBarc HY</i>				-1.9	2.7	8.3	5.5	4.9	4.1	4.6	4.5	Mar-17
Franklin Templeton GMS	8,705,128	3.4		-3.2	-3.2	-3.4	-3.7	--	--	--	-2.1	Mar-17
<i>BBgBarc Multiverse</i>				-4.3	1.7	5.5	2.9	2.9	2.1	2.4	3.8	Mar-17

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Opportunistic Investments	516,120	0.2	0.0	3.6	0.7	-0.3	-0.2	3.1	1.5	3.0	--	Jan-08
<i>CPI + 5% (Unadjusted)</i>				2.9	6.6	7.7	7.1	7.2	6.7	6.8	6.8	Jan-08
Entrust Class X	516,120	0.2		3.6	0.7	-0.3	-4.0	--	--	--	-3.9	Jan-17
Private Markets	11,300,880	4.4	5.0	1.5	18.4	12.2	8.5	8.8	--	--	8.3	May-14
<i>Private Markets Custom Benchmark</i>				0.5	21.3	32.9	11.7	14.0	--	--	12.8	May-14
Impact Funds	6,156,746	2.4	--	2.8	32.2	23.7	14.6	11.6	--	--	--	
HCAP Partners IV LP	1,275,022	0.5										
Generation IM SS Fund III	950,368	0.4										
SJF Ventures	1,934,066	0.8										
RRG Sustainable	433,062	0.2										
Brockton Capital Fund III	1,564,228	0.6										
Non Impact Funds	5,144,134	2.0	--	-0.1	5.4	0.9	2.9	5.7	--	--	--	
Canvas Distressed Credit Fund	1,395,986	0.5										
FEG Private Opportunities Fund	1,306,764	0.5										
OCP Orchard Landmark	2,441,384	1.0		2.2	5.9	3.9	5.5	--	--	--	6.0	Nov-17
<i>JP Morgan Corporate EMBI Broad TR USD</i>				-1.1	5.6	15.4	6.3	6.4	5.5	5.5	5.2	Nov-17
Community Development	2,823,955	1.1	3.0	0.4	0.8	1.2	1.4	1.3	1.2	1.4	1.6	Jul-07
<i>91 Day T-Bills</i>				0.0	0.1	0.1	1.4	1.1	0.8	0.6	0.7	Jul-07
Cash and Other	12,908,643	5.1	1.0									
Cash Account	12,269,937	4.8										

- 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 \$1,644,322.61 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.

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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- Andrew McGeorge, Treasurer and CFO

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