



UUCEF, LLC Investor Call

September 2, 2021

2pm Eastern

Presenters:

John Minahan, Member, UUA Investment Committee

Kathy Mulvey, Chair, UUA Socially Responsible Investing Committee

Vanessa Lowe, Member, UUA Socially Responsible Investing Comm.

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

- Financial Performance Review as of June 30, 2021
- Request for Proposal – Racial Justice Investing
- New Investment – Inclusive Racial Equity and Resilience Investment Fund
- Shareholder Advocacy – Upcoming Priorities
- 2021 GA Responsive Resolution
- Questions and Answers

TOTAL FUND FINANCIAL PERFORMANCE SUMMARY - GROSS RETURNS AS OF 6-30-21

	Market Value	3 Mo	Rank	YTD	Rank	1 Yr	Rank	3 Yrs	Rank	5 Yrs	Rank	7 Yrs	Rank	10 Yrs	Rank	15 Yrs	Rank
Composite	\$269,949,175	5.1%	58	7.3%	74	28.2%	50	12.2%	24	12.2%	13	8.1%	40	8.1%	58	7.6%	26
<i>Allocation Index</i>		4.5%	78	7.4%	74	25.7%	61	10.4%	63	10.3%	70	7.4%	72	7.3%	80	6.8%	69
<i>Policy Index</i>		4.9%	65	8.0%	65	27.0%	58	11.3%	45	11.1%	44	7.8%	44	7.8%	68	6.7%	70
<i>InvMetrics All E&F \$250mm-\$1B Gross Median</i>		5.3%		8.9%		28.1%		11.2%		10.9%		7.7%		8.2%		7.1%	

Total Fund Performance

- The Endowment returned 5.1% (gross of fees) during Q2 of 2021, ranking in the 58th percentile of the universe, outperforming both the allocation and the policy index
 - Active management added 60 bps for the quarter
 - Allocation differences from the policy detracted 40 bps for the quarter
- For the trailing 3- and 5-year periods, performance ranks in the top quartile relative to peers
 - Active management added 180 bps over the 3-year period and 190 bps over the 5-year period

Request for Proposal – Racial Justice Investing

- UUCEF plans to hire a BIPOC consultant (1) to facilitate a training on racial justice investing (RJI) for endowment stakeholders, and (2) to provide consulting services as we grow our community investing (CI) portfolio from 1% to 5%, moving around \$10 million into this portfolio
- Feel free to share the link with your network:
www.uucef.org/2021/08/uucef-seeks-bipoc-consultant-for-racial-justice-training-and-portfolio-consulting

UUCEF Seeks BIPOC Consultant for Racial Justice Training and Portfolio Consulting

August 23, 2021

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The Unitarian Universalist Common Endowment Fund managers seek proposals from BIPOC racial justice experts to assist the denomination in implementing its racial justice investing plan. Review and share the attached Request for Proposals for consultants to address two needs: a Racial Justice Investing Training to be held in November 2021, and direct portfolio consulting activities to grow the community investing portfolio. RFP submissions for either or both needs are due by September 17, 2021 via email to treasurer@uua.org with subject "RJI Consulting Proposal". Use same email to send questions and register for upcoming RFP Q&A session.

 [File Downloads](#)
[Request for Proposal](#)

Recent Posts

- [UUCEF Seeks BIPOC Consultant for Racial Justice Training and Portfolio Consulting](#)
- [July Monthly Commentary](#)
- [June Monthly Commentary](#)
- [May Monthly Commentary](#)
- [April Monthly Commentary](#)

New Mission Aligned Investment – \$1 million commitment to Inklusiv Racial Equity and Resilience Investment Fund



Photo: Myeloma Foundation

Inklusiv Launches Racial Equity and Resilience Investment Fund

\$20 Million in Secondary Capital to Expand Economic Relief and Financial Inclusion

Inklusiv is pleased to announce the launch of a \$20 million Racial Equity and Resilience Investment Fund deploying secondary capital to expand economic relief and financial inclusion for credit unions that serve communities of color. This pool will leverage more than \$200 million in lending to minority-owned businesses, homeowners and consumers to withstand the current economic crisis and build wealth and assets. The Inklusiv Racial Equity and Resilience Fund is made possible through support from [Robert Wood Johnson Foundation](#).

Inclusiv Investment

- Up to \$1 Million Loan
- Purpose – Secondary Capital for Diverse Credit Unions
- We've been renewing a \$100,000 investment with this organization since May 1995 – 26 years.
- Approved by IC and SRI committees after CI subcommittee analysis for growing CI from 1% to 5%
- Largest CI investment to date with a targeted goal of BIPOC led and/or focused investments.
- Inclusiv is U.S. Treasury CDFI-certified and has received 16 [CDFI Program awards](#) totaling \$17.9 Million from 1997-2020.

Shareholder Advocacy – 2021/2022 Planning

Key Priorities

- **Racial Justice**
- **Climate Change with particular focus on Just Transition and Environmental Justice**
- **Political Spending**

File Shareholder Resolutions

Plan to file approximately a dozen resolutions. We often reach out to a company in advance of filing to invite dialogue on the issue. The goal for each filing is to directly engage the company on the respective issue and to come to an agreement. When the engagement does not produce the desired result, the resolution will go to a vote at the company's annual meeting. In that case we will take steps to drive up the vote, including:

- **Reaching out to the proxy voting advisory firms**
- **Reaching out to the large asset managers**
- **Preparing a memo supporting the resolution that can be distributed to investors and posted on the SEC website as an Exempt Solicitation Letter**

Shareholder Advocacy – 2021/2022 Planning

Filing and Engagement Plan

Theme/Issue	Organizer/Partners	File	Co-file	Dialogue	Track Calls
<i>Racial Justice</i>					
EEO-1 Disclosure	Calvert New York City Pension Funds	2	2		
Racial equity audit/diversity & inclusion disclosure	Ad hoc Meredith Benton, Whistle Stop	1			
Racial Justice Investing Group	Renee Morgan				✓
Investors & Indigenous Peoples Working Group	First Peoples Worldwide				✓
<i>Political spending</i>					
Lobbying spending disclosure	John Keenan, AFSME Tim Smith, Walden	1			
Lobbying alignment with Paris Agreement goals	ICCR Ceres	2			✓
Election spending disclosure	Center for Political Accountability	2			
<i>Climate change</i>					
Science-based targets/GHG reduction goals	Ceres	2			✓
GHG financing – Banks	ICCR	1			
Just Transition	ICCR	1			
Climate and Dignity Initiative	Investor Advocates for Social Justice		2		
Climate Action 100+	Ceres, CalPERS			3	✓
Total		12	4	3	

2021 GA Responsive Resolution

Offered in response to [the report to the General Assembly](#) on implementation of the 2020 Business Resolution, [Embodying Human Rights in Our Investment Decisions](#).

This report covers our work to date on:

- Identifying firms that are egregious human rights violators.
 - Incorporation of new data sources from Sustainalytics into our screening process.
- Working with pooled asset managers on human rights integration.
 - Work just beginning—due diligence reviews over the past year have mostly been on our fixed income holdings
- Review of SRI Guidelines
- Formalizing Mechanisms of Communication with UU Social Justice Groups and Other Interested Parties

2021 GA Responsive Resolution, cont.

This year's General Assembly approved a [Responsive Resolution](#) calling on the UUA to consider the process by which we would complete the updates to our SRI Guidelines and to divest from banks participating in the funding of the Line 3 pipeline.

On the SRI Guidelines, the resolution calls on UUCEF to:

- create a transparent, public process to encourage wide and equitable participation of UU congregations, justice organizations and individuals in the comprehensive review of SRI Guidelines, with a clear timeline; and,
- only undertake this comprehensive review of SRI Guidelines with the active participation of at least five Young Adults, or ten percent of a review committee (whichever is larger), as selected by a transparent process determined by the wider UU Young Adult community at General Assembly;

2021 GA Responsive Resolution, cont.

On the topic of divestment:

Be it further resolved that the 2021 General Assembly of the UUA urges the UUCEF to immediately and completely divest its holdings from financial institutions currently funding the Line 3 pipeline, including JP Morgan & Chase, Wells Fargo, Bank of America, Citigroup, and RBC.

Next steps

- Complete independent due diligence to identify financiers of the Line 3 pipeline
- Consult with Rhumblin about ability to track a broad market index (Russell 1000 value) without the presence of large banks.
- Continue to be in dialogue with social justice groups and young adult caucus who advanced this resolution.

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

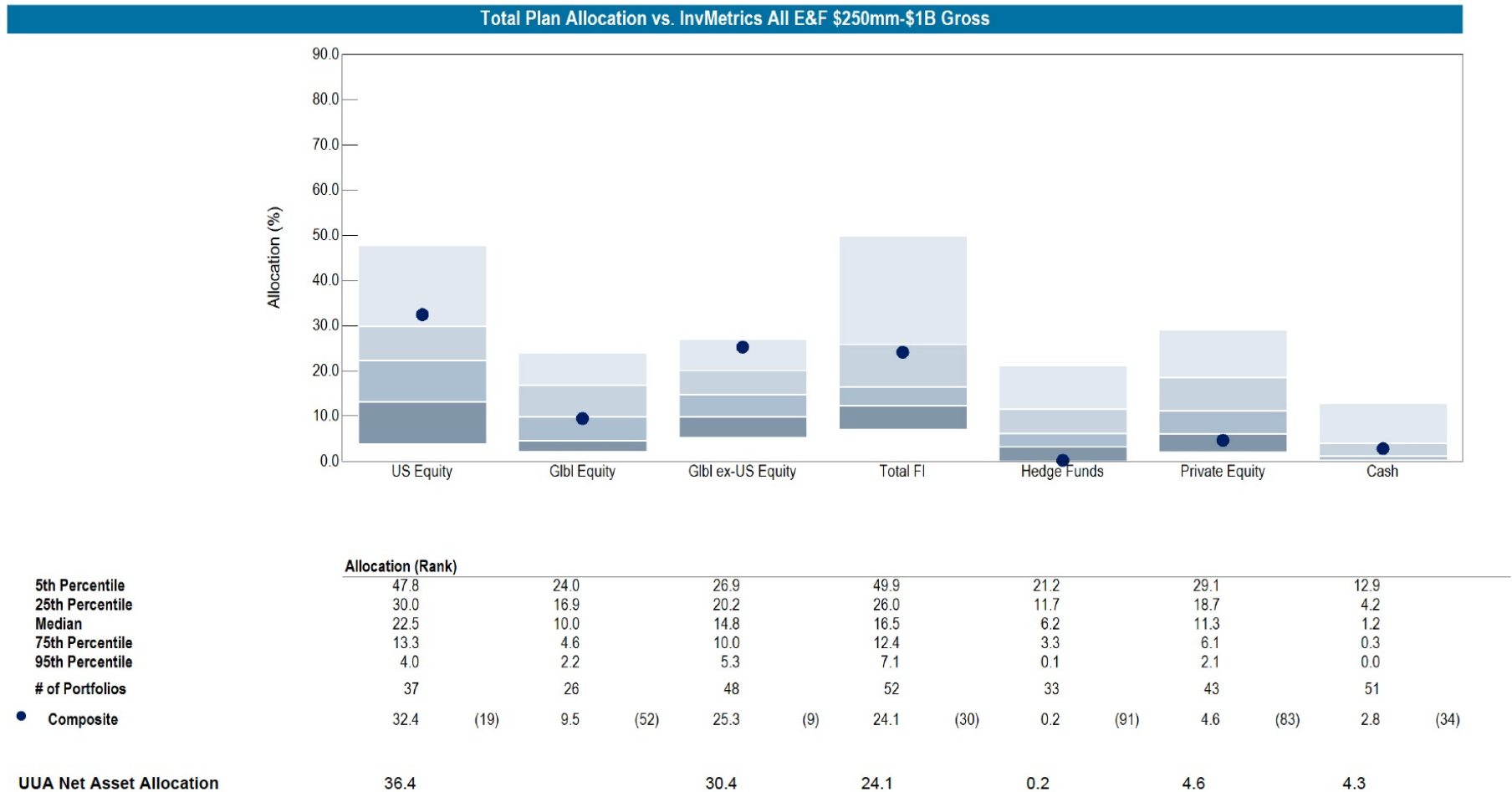
Portfolio Diversification

- 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% (5% goal)
Cash	1%

TOTAL FUND ALLOCATIONS VS. PEER UNIVERSE AS OF 6-30-21



- ***UUCEF's new peer group is Endowments & Foundations from \$250mm to \$1bn. Had been grouped with Endowments from \$50-250mm before.***

TOTAL FUND PERFORMANCE DETAIL – NET – AS OF 6-30-21

	Market Value (\$)	% of Portfolio	Policy %	3 Mo (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	7 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
Composite	269,949,175	100.0	100.0	5.0	7.0	27.3	11.1	11.1	7.0	7.0	6.9	Jul-02
Allocation Index				4.5	7.4	25.7	10.4	10.3	7.4	7.3	7.4	Jul-02
Policy Index				4.9	8.0	27.0	11.3	11.1	7.8	7.8	--	Jul-02
Domestic Equity Composite	87,571,364	32.4	33.0	7.3	12.6	47.7	18.6	19.4	14.0	15.0	11.8	Jul-02
Russell 3000				8.2	15.1	44.2	18.7	17.9	14.0	14.7	10.5	Jul-02
Large Cap Equity	69,374,417	25.7	27.0	7.8	11.5	43.3	20.1	20.7	15.1	--	17.1	Jul-12
Russell 1000				8.5	15.0	43.1	19.2	18.0	14.2	14.9	16.1	Jul-12
Rhumblin	31,607,174	11.7		5.4	16.3	42.1	12.4	12.6	10.1	11.7	8.3	Aug-05
Russell 1000 Value				5.2	17.0	43.7	12.4	11.9	9.4	11.6	8.1	Aug-05
Sands	20,905,961	7.7		10.6	7.7	46.3	29.1	29.6	20.4	20.3	15.2	Dec-03
Russell 1000 Growth				11.9	13.0	42.5	25.1	23.7	18.6	17.9	12.3	Dec-03
Ownership Capital Global Equity (USD) Fund, L.P.	16,861,282	6.2		9.0	7.6	34.8	--	--	--	--	39.5	May-20
MSCI Kokusai				8.4	14.0	40.2	15.7	15.2	10.4	11.0	42.5	May-20
Small/Mid Cap Equity	18,196,947	6.7	6.0	5.4	13.8	56.7	14.2	15.7	10.4	--	13.7	Jul-12
Russell 2000				4.3	17.5	62.0	13.5	16.5	11.4	12.3	14.1	Jul-12
Wellington SMID	9,883,705	3.7		4.9	19.5	58.0	7.4	9.1	--	--	9.1	Apr-16
Russell 2500 Value				5.0	22.7	63.2	10.6	12.3	8.8	10.9	12.6	Apr-16
WCM Investment Management	8,313,242	3.1		6.0	8.7	53.6	19.5	--	--	--	19.3	Jan-18
Russell 2000 Growth				3.9	9.0	51.4	15.9	18.8	13.1	13.5	16.6	Jan-18
International Equity Composite	68,269,957	25.3	22.0	4.3	7.3	34.1	12.5	12.9	6.7	5.7	7.0	Jul-02
MSCI ACWI ex USA				5.5	9.2	35.7	9.4	11.1	5.3	5.4	7.3	Jul-02
International Equity	43,889,633	16.3	14.0	4.7	6.7	31.6	12.0	13.1	7.1	--	9.2	Jul-12
MSCI EAFE				5.2	8.8	32.3	8.3	10.3	5.0	5.9	8.3	Jul-12
MFS International Concentrated	16,440,564	6.1		5.3	4.7	26.8	12.8	14.6	8.2	--	9.0	Apr-13
MSCI EAFE				5.2	8.8	32.3	8.3	10.3	5.0	5.9	6.8	Apr-13
Boston Common	14,430,084	5.3		3.8	3.7	29.9	10.6	11.7	6.4	6.8	7.2	May-10
MSCI EAFE				5.2	8.8	32.3	8.3	10.3	5.0	5.9	6.5	May-10
Baxter Street	13,018,986	4.8		5.8	6.3	31.1	13.3	13.8	--	--	12.9	Apr-16
MSCI ACWI ex USA				5.5	9.2	35.7	9.4	11.1	5.3	5.4	10.4	Apr-16
Emerging Market Equity	24,380,324	9.0	8.0	3.6	8.9	40.0	13.1	12.0	5.3	--	6.1	Jul-12
MSCI Emerging Markets				5.0	7.4	40.9	11.3	13.0	6.4	4.3	6.8	Jul-12
RBC Global Emerging Equity	11,639,127	4.3		0.5	3.6	34.3	11.4	10.8	--	--	10.8	Jul-16
MSCI Emerging Markets				5.0	7.4	40.9	11.3	13.0	6.4	4.3	13.0	Jul-16
Acadian Emerging Markets Equity Fund	12,741,197	4.7		6.6	14.2	45.7	--	--	--	--	18.9	Jan-20
MSCI Emerging Markets				5.0	7.4	40.9	11.3	13.0	6.4	4.3	17.3	Jan-20

TOTAL FUND PERFORMANCE DETAIL – NET – AS OF 6-30-21

	Market Value (\$)	% of Portfolio	Policy %	3 Mo (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	7 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
Global Equity	25,567,608	9.5	10.0	8.1	--	--	--	--	--	--	8.1	Apr-21
MSCI ACWI				7.4	12.3	39.3	14.6	14.6	9.7	9.9	7.4	Apr-21
GQG Partners Global Equity Fund	13,065,087	4.8		8.9	--	--	--	--	--	--	8.9	Apr-21
MSCI ACWI				7.4	12.3	39.3	14.6	14.6	9.7	9.9	7.4	Apr-21
Lindsell Train Global Equity LLC	12,502,521	4.6		--	--	--	--	--	--	--	4.2	May-21
MSCI ACWI				7.4	12.3	39.3	14.6	14.6	9.7	9.9	2.9	May-21
Fixed Income Composite	65,169,656	24.1	26.0	1.6	-1.1	3.2	4.5	3.4	2.8	3.5	4.3	Jul-02
BBgBarc US Aggregate TR				1.8	-1.6	-0.3	5.3	3.0	3.3	3.4	4.4	Jul-02
High Quality Fixed Income	31,629,914	11.7	12.0	1.0	-1.1	-1.0	4.9	2.9	--	--	3.1	Oct-14
BBgBarc US Aggregate TR				1.8	-1.6	-0.3	5.3	3.0	3.3	3.4	3.4	Oct-14
Breckinridge-Treasury	3,514,084	1.3		6.9	-6.8	-9.5	8.5	--	--	--	6.3	Mar-17
BBgBarc US Treasury Long TR				6.5	-7.9	-10.6	8.0	3.1	5.8	6.7	6.2	Mar-17
Breckinridge - Corporate	7,129,867	2.6		1.1	-0.4	0.9	5.2	3.0	--	--	3.1	Nov-14
BBgBarc US Govt/Credit Int TR				1.0	-0.9	0.2	4.7	2.6	2.7	2.8	2.8	Nov-14
Stone Castle FICA for Impact	20,985,964	7.8		0.0	0.0	0.1	--	--	--	--	0.4	Jan-20
91 Day T-Bills				0.0	0.0	0.1	1.2	1.1	0.8	0.6	0.3	Jan-20
Flexible Fixed Income	33,539,741	12.4	14.0	2.2	-1.0	6.8	4.6	3.9	2.9	--	3.3	Jul-12
BBgBarc US Aggregate TR				1.8	-1.6	-0.3	5.3	3.0	3.3	3.4	2.9	Jul-12
Brandywine Global Opportunistic	12,292,208	4.6		2.6	-1.4	12.8	5.6	--	--	--	5.1	Mar-17
FTSE WGBI TR				1.0	-4.8	0.8	3.6	1.7	1.4	1.4	3.6	Mar-17
Loomis Multi Sector	12,413,670	4.6		2.6	0.1	7.5	8.3	--	--	--	6.5	Mar-17
BBgBarc US Govt/Credit TR				2.4	-2.0	-0.4	5.9	3.3	3.6	3.7	4.3	Mar-17
65% BBgBarc Aggregate / 35% BBgBarc HY				2.1	0.2	4.9	6.2	4.6	4.1	4.6	4.8	Mar-17
Franklin Templeton GMS	8,833,864	3.3		1.3	-2.0	-2.0	-1.8	--	--	--	-1.7	Mar-17
BBgBarc Multiverse				1.4	-3.0	3.2	4.3	2.6	2.0	2.2	4.0	Mar-17
Opportunistic Investments	512,476	0.2	0.0	-0.7	2.9	-0.1	-0.2	2.9	0.8	2.8	3.3	Dec-10
CPI + 5% (Unadjusted)				3.8	6.9	10.6	7.7	7.5	7.0	7.0	7.2	Dec-10
Entrust Class X	512,476	0.2		-0.7	2.9	-0.1	-3.9	--	--	--	-3.8	Jan-17

TOTAL FUND PERFORMANCE DETAIL – NET – AS OF 6-30-21

	Market Value (\$)	% of Portfolio	Policy %	3 Mo (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	7 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
Private Markets	12,521,773	4.6	5.0	7.6	9.2	27.4	9.5	10.4	9.2	--	9.1	May-14
Private Markets Custom Benchmark				0.4	8.0	28.8	12.7	15.1	12.6	--	13.3	May-14
Impact Funds	7,205,776	2.7	--	7.8	10.8	42.5	16.3	13.5	--	--	11.5	Jul-15
HCAP Partners IV LP	1,448,445	0.5										
Generation IM SS Fund III	1,408,336	0.5										
SJF Ventures	2,264,174	0.8										
RRG Sustainable	456,553	0.2										
Brockton Capital Fund III	1,628,268	0.6										
Non Impact Funds	5,315,998	2.0	--	7.7	7.7	13.6	3.8	7.1	7.1	--	7.0	May-14
Canvas Distressed Credit Fund	1,432,144	0.5										
FEG Private Opportunities Fund	1,389,161	0.5										
OCP Orchard Landmark	2,494,692	0.9		2.2	4.5	8.2	4.8	--	--	--	6.2	Nov-17
JP Morgan Corporate EMBI Broad TR USD				1.6	0.5	7.3	7.5	5.9	5.2	5.5	5.3	Nov-17
Community Development	2,766,072	1.0	3.0	0.6	1.0	1.4	1.5	1.4	1.3	1.4	1.6	Jul-07
91 Day T-Bills				0.0	0.0	0.1	1.2	1.1	0.8	0.6	0.7	Jul-07
Cash and Other	7,570,270	2.8	1.0									
Cash Account	6,875,992	2.5										
UUA SRI	694,278	0.3										

Responsible Committees

Investment Committee

- Kathy Mulvey, Acting Chair
- Brian Lasher
- Ken Redd
- John Minahan
- Lucia Santini-Field, Financial Advisor
- Andrew McGeorge, Treasurer

SRI Committee

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

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

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