

UUA Investment Committee – Minutes

Zoom

February 13, 2025

Investment Committee Members Present: Brian Lasher, co-Chair, Eric Horvath, Vanessa Lowe, Asha Mehta, co-Chair, Pam Sparr, David Stewart, Randy Webb, Lee Meinicke, Didier Dumerjean, Amrita Sankar

NEPC: Krissy Pelletier, Alix Stewart

Guests: Nicholas Sambuco (incoming IC member 2025)

Staff: Dave Valentine, Mathew Jensen

Check-In, Covenant & Process Observer

The meeting began with personal check-ins from committee members, focusing on sources of joy and encouragement amidst challenging times. Brian Lasher introduced the IC covenant and Didier accepted the role of process observer to help keep the meeting focused and on track.

NEPC Consent Agenda

NEPC introduced the session by emphasizing the goal of enhancing portfolio performance. No objections or questions were raised regarding the consent agenda, which included recurring materials. The committee approved the consent items without further discussion.

Portfolio Performance Review

NEPC reported a -2.5% return for Q4 2024 and a +6.6% return for the full year. Despite the positive annual return, the endowment lagged behind both its policy and allocation benchmarks and ranked in the fourth quartile of peer institutions. Underperformance was largely attributed to market-wide struggles with active management and legacy manager performance still reflected in the returns.

Asset Allocation Review / Recommendations

NEPC presented potential changes to asset allocation to improve long-term outcomes and better align risk/return expectations. The committee discussed options related to fixed income restructuring and private asset pacing, and agreed to adopt and implement NEPCs recommendations.

Investment Manager Review / Recommendations

The committee agreed with NEPC's recommendation to terminate Boston Common and hire Metis Global Partners for international equity, with recognition that Metis may have some minor variations in portfolio holdings from the Carbon Underground 200 list as they use a climate transition benchmark, the MSCI World ex USA Climate Paris Aligned Index, for the commingled portfolio. Hire Denali Advisors as the new small cap value manager, replacing

Wellington Management Company. Terminate Brandywine, the global multi-sector fixed income manager, and reallocate those assets to Treasuries and TIPS. Move Ownership Capital from US equity to global equity allocation.

For the Generation SPEF II private equity fund recommendation, the Committee did not make a final decision. Instead, schedule a follow-up discussion and potentially vote by email, with a possible smaller commitment of \$2 million instead of the originally proposed \$3.5 million given the highly concentrated nature of the portfolio, and longer than typical lock-up period.

The committee also noted the scheduled introductory call with NEPC recommended music rights manager HarbourView Equity, scheduled for February 28th.

Research on Benchmark Alignment with Portfolio Structure

The committee and NEPC discussed whether current benchmarks accurately reflect the portfolio's construction and risk profile. NEPC proposed conducting a benchmark review. Members supported the idea to ensure performance comparisons remain appropriate and actionable, but tabled further review and work to the second quarter IC meeting given other priorities.

Climate Justice Investing Subgroup Final Report

Brian presented the final report of the Climate Justice Investing (CJI) Subgroup. A new Implementation Subgroup was launched to continue this work, and Mathew outlined plans for communication and partnership efforts to expand awareness of CJI priorities among internal stakeholders and partners, including a presence at the June GA.

Community Investing

Mathew presented a proposal to reclassify StoneCastle as a Community Investment (CI). A new CI Subcommittee was announced to explore expanded engagement, reporting and impact measurement within the CI strategy. The Committee approved the reclassification and expressed support for forming the SubGroup.

Shareholder Advocacy Update

Mathew provided an update on ongoing shareholder advocacy efforts, including recent coalition activities and priorities for upcoming proxy season. Emphasis was placed on strategic engagements around climate risk, racial equity, and corporate political spending transparency.

Action Items, Quarterly Call, Reflection & Adjournment

The committee identified follow-ups including: Additional work on Generation and Harbourview, forming and initiating a new Community Investing subgroup, and disseminating CJI communications materials. The Committee also agreed that Mathew and Nick should follow-up with NEPC and the Co-Chairs on the credit exposure in the fixed income sleeve, with UUA Investment Office to begin the significant portfolio rebalancing to

the new strategic asset allocation, and implement / complete transitions to the approved Metis and Denali portfolios. Overall, members reflected positively on the collaborative and impactful work underway.