



Statement of Investment Policy

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I. Introduction

This Statement of Investment Policy sets forth United Church Funds' program for investing its own assets and assets it holds as agent and/or trustee for other UCC related entities and individuals. It will be reviewed periodically by the Investment Committee and revised as necessary to ensure that the policies remain consistent with the objectives of United Church Funds' program. At least once every two years the Investment Committee will review the Statement of Investment Policy in its entirety.

The Statement describes:

- The mission and vision of United Church Funds.
- The responsibilities of Investment Fiduciaries.
- The structure of the investment program maintained by United Church Funds.
- The basic objectives and policies of the funds offered by United Church Funds.
- The process to be followed in reviewing and evaluating United Church Funds' investment program.
- Policies on additional investment and related issues.

II. Mission, Vision and Values of United Church Funds

Investing with a Mission: Performance Beyond the Numbers

MISSION

Supports our clients' missions and generates outstanding values-aligned investment performance

VISION

Investment that creates a just world for all

VALUE PROPOSITION

United Church Funds supports the missions of faith-based organizations with competitive, socially responsible investment performance and endowment solutions that reflect their values. For more than 100 years, our performance has been measured by our clients' success in managing their resources and improving the world.

III. Responsibilities of Investment Fiduciaries

The Board of Directors, the Investment Committee, the President of United Church Funds, the Chief Investment Officer, investment consultants and investment managers are investment fiduciaries of United Church Funds' investment program and have responsibilities with respect to invested assets.

THE BOARD OF DIRECTORS

The Board of Directors is responsible for ensuring that all investments of United Church Funds are managed effectively and in full compliance with all applicable laws and standards of prudence. Changes in the structure of the Funds included in United Church Funds' investment program must be approved by the Board of Directors of United Church Funds with notice of any such change being appropriately communicated to investors in the Fund. The Board of Directors of United Church Funds authorizes the Investment Committee to supervise the investment program of United Church Funds. The Investment Committee reports to the Board of Directors on its activities at its regularly scheduled meetings, and at such other times as requested by the Board.

THE INVESTMENT COMMITTEE

The Investment Committee is responsible for supervising United Church Funds' investment program. It may delegate authority to manage United Church Funds' investment program to a Chief Investment Officer. The Investment Committee determines investment policies and objectives, approves asset classes to be included in the investment program, approves ranges for each asset class, establishes investment guidelines and approves pre-investment exceptions to those guidelines, monitors investment performance, retains and dismisses investment managers and reports to the Board of Directors on its activities at regularly scheduled meetings and at such other times requested by the Board. The Committee fulfills these responsibilities with respect to all Funds maintained by United Church Funds. The Investment Committee also approves Policies and Guidelines for voting proxies. These guidelines are in the Statement of Investment Guidelines, a separate document.

THE PRESIDENT

The President of United Church Funds is a voting member of the Investment Committee and participates in the Committee's decision-making process. The President is responsible for the oversight of all investment activity and coordinating with the Chief Investment Officer to ensure that the objectives of the investment program and the proper execution of investment activities are being met.

THE CHIEF INVESTMENT OFFICER

The Chief Investment Officer (CIO) is responsible for managing the investment program of United Church Funds. The Chief Investment Officer may work with investment consultants in performing the responsibilities delegated by the Investment Committee. The Chief Investment Officer reports to the Investment Committee at its regularly scheduled meetings and at such other times as requested by the Committee. The Chief Investment Officer makes recommendations to the Investment Committee on the structure of United Church Funds' investment program, the asset classes to be used in the program, investment policies, objectives and guidelines, and the retention and dismissal of investment consultants, and the engagement, retention and dismissal of investment managers. The Chief Investment Officer also provides the Investment Committee with reports on adherence to policies and guidelines by investment managers and investment performance, oversees investment managers and works with the investment consultant on behalf of the Investment Committee, allocates assets between asset classes and sub-classes, and between investment managers within policies established by the Investment Committee and works with investment consultants on behalf of the Investment Committee. The Chief Investment Officer approves post-investment exceptions to investment guidelines as contemplated in United Church Funds' Statement of Investment Policy, has responsibility for rebalancing the assets within the allowable range specified in the policy portfolio, monitors and reports on policies and guidelines, and has responsibility for making adjustments as necessary.

INVESTMENT MANAGERS

Each investment manager as a fiduciary is primarily responsible for its actions, through the Investment Committee and the Board of Directors and to United Church Funds' investors. Each manager is responsible for managing its entrusted assets effectively, in accordance with all applicable laws and standards of prudence, in full compliance with United Church Funds' policies and guidelines and in conformity with the investment style for which they were retained. Within the context of its fiduciary responsibility, each investment manager is expected to be sensitive to the United Church of Christ and the investors United Church Funds serves. Investment managers inform the Investment Committee of all organizational developments which could materially affect the management of the firm or the firm's investment process, initiate written communication with the Investment Committee if the manager believes that deviation from the guidelines would be in the best interest of United Church Funds' investors and furnish the Investment Committee with the reports listed in the Statement of Investment Guidelines.

INVESTMENT CONSULTANTS

Investment consultants are responsible for providing recommendations to the Investment Committee and to the Chief Investment Officer on issues identified by the Investment Committee. Investment consultants work closely with the Chief Investment Officer, participate in Investment Committee meetings and provide the Committee and/or Chief Investment Officer with written reports on specific issues. Investment consultants provide recommendations on the structure of United Church Funds' investment program, asset classes to be included in the program, investment policies, objectives and guidelines, the allocation of assets among asset classes, sub-classes and investment managers, evaluation of investment managers and the selection, retention and dismissal of investment managers. In addition, Investment Consultants monitor and generate reports on investment performance to the CIO and Investment Committee.

ALLOCATION OF INVESTMENT RESPONSIBILITIES

Responsibility	Board of Directors	Investment Committee	CIO	Investment Consultant	Investment Managers	Social Responsibility
Investment Program Compliance	Ensures					
Structure of Program	Approves	Recommends	Recommends	Recommends		
Investment Policies & Objectives	Monitors	Determines	Recommends	Recommends		Recommends
Pre Exceptions to Policies & Guidelines		Approves	Monitors & Reports	Recommends		
Post Exceptions to Policies & Guidelines		Monitors	Approves, Monitors & Reports	Recommends		
Investment Guidelines		Approves	Recommends	Recommends		
Strategic Asset Allocation Targets and Ranges		Considers & Approves	Recommends	Recommends		
Rebalancing & Tactical Allocation Within Ranges		Monitors	Determines			
Asset Class Strategy		Approves	Recommends	Recommends		
Investment Manager Selection		Approves	Recommends	Recommends		
Security Selection			Monitors	Monitors	Determines & Reports	
Manager Compliance		Monitors	Monitors & Reports	Monitors	Reports	
Performance Measurement & Evaluation		Monitors	Monitors & Reports	Monitors & Reports	Reports	
Social Issue Proxy Voting					Reports	Approves
Corporate Governance Proxy Voting Guidelines		Considers & Approves			Reports	Recommends, Monitors & Reports
Exclusionary Screens						Recommends, Monitors & Approves

IV. Investment Program

United Church Funds offers a variety of investment funds, each with different return/risk objectives. The net asset values for UCF's funds are based on the fair market value of the underlying assets. The Funds are available to all investors or entities that have deposits on account with United Church Funds. Investors may choose the simplicity of a balanced fund or create a custom allocation from the blend of asset classes that best suits their risk tolerance, timeline, and return goals. By allocating assets between these Funds, investors may create an investment program to match their objectives and their levels of risk tolerance. Investors should see the Statement of Investment Guidelines and fund offering documents for specifics related to permitted asset classes, strategies utilized, fund objectives and benchmarks.



UCF Fund	Objectives
Cash & Equivalent Fund	Seeks to provide investors with a level of current income consistent with the maintenance of a constant unit value.
Fixed Income Fund	Seeks to provide investors with a total return consistent with a diversified portfolio of predominantly high quality fixed income securities.
Total Equity Fund	Seeks to provide investors with a total return consistent with a broadly diversified portfolio of common stocks.
Domestic Core Equity Fund	Seeks to provide investors with a total return consistent with a diversified portfolio of large capitalization US common stocks.
Beyond Fossil Fuels Fund	Seeks to provide investors with a total return consistent with a diversified portfolio of large capitalization, fossil fuel free US common stocks.
Small Cap Equity Fund	Seeks to provide the investor with a total return consistent with a diversified portfolio of US small capitalization stocks.
International Equity Fund	Seeks to provide investors with a total return consistent with a diversified portfolio of international stocks.
Alternatives Fund	Seeks to provide investors with a total return consistent with a diversified portfolio of hedge funds and real asset investments.
Conservative Balanced, Moderate Balanced and Aggressive Balanced Funds	Seek to provide investors with total returns consistent with a broadly diversified portfolio of high quality fixed income securities and common stocks, with varying equity allocations in accordance with the desired risk/return tradeoff.
Alternatives Balanced Fund	Seeks to provide investors with a total return consistent with a broadly diversified portfolio of common stocks, fixed income investments and alternative investments.
Beyond Fossil Fuels Balanced Fund	Seeks to provide investors with a total return consistent with a broadly diversified portfolio of large capitalization fossil fuel free stocks, other common stocks and fixed income investments.

A. Risk Philosophy

In its broadest sense, risk refers to the risk that the investment associated with United Church Funds' investment program are not sufficient to provide the required returns and liquidity to meet the investment objectives. Secondly, risk in the investment program is the unpredictability of future asset value and specifically, the volatility of asset values over time. Investment principles and practical experience both support the notion that expected returns are proportional to market risk. The Investment Committee recognizes that the assumption of risk is necessary to meet United Church Funds' objectives; that is, there are no "risk free" assets, which are sufficient to generate the appropriate return needed to support objectives over the appropriate time horizon. Thus, investment risk management does not require the elimination of risk, but the balancing of risk and expected return. Risk in itself is not intrinsically negative; it is a resource used to generate investment returns. Some but not all risk can be reduced through diversification at the asset class, manager and security level. Thoughtfully constructed portfolios of asset classes and investment managers, with both a historical perspective and a forward looking view, can help minimize risk for a certain level of expected return.

The Investment Committee determines United Church Funds' risk tolerance in consideration of return requirements and tolerance for volatility respective to each Fund and "fund of funds". In practice, risk tolerance is difficult to quantify and the theoretically optimal asset allocation may vary widely within a reasonable range of capital market risk and return estimates. Therefore, the Investment Committee's determination of United Church Funds' risk tolerance is highly subjective. In general, however, investment risk is managed by maximizing investment opportunities net of fees, assessing risk-adjusted returns, and considering the investment objectives and time horizon.

The Investment Committee, CIO, and Consultants regularly review risk statistics relative to the fund' respective benchmarks. The chart below illustrates the long-term expected relationship between funds from a risk standpoint.

B. Investment Risk

The principal investment risks that impact United Church Funds are as follows:

Risk	Definition
Total Investment Risk	The risk that the investment associated with United Church Funds' investment program asset allocation policy is not sufficient to provide the required returns and liquidity to meet the investment objectives.
Capital Market Risk	The risk in the investment program of the unpredictability of future asset value, as measured by the volatility of asset values over time.
Tactical/Strategic Risk	The performance differential between policy allocations for the asset categories and its investment managers and the actual allocations.
Manager Value-Added Risk	Risk associated with the implementation of an active investment management program. It is the performance differential between the aggregate of the managers' actual (active) portfolios, net of fees, and the aggregate of the managers' benchmarks, both at policy allocation.

C. Long-Term Diversification Guidelines

The Investment Committee established the following diversification guidelines to achieve appropriate diversification of asset classes within the funds. Asset classes were identified based on their appropriateness for United Church Funds' investment program, long-term return and volatility characteristics and diversification benefits offered within a multiple manager and a multiple asset class structure. United Church Funds may retain more than one manager within each asset class based on the size of the portfolio and the nature of a particular market segment.

These guidelines should be viewed as long term in nature, although they will be reviewed periodically by the Investment Committee to ensure that they continue to serve the best interest of program investors.

Asset Class	Total Equity Fund		Domestic Core Equity Fund		Small Cap Equity Fund		International Equity Fund	
	Min	Max	Min	Max	Min	Max	Min	Max
Domestic Core	35%	55%	100%	100%				
Domestic Small Cap	0%	15%						
International Developed	25%	45%					65%	85%
International Emerging	5%	25%					15%	35%
Small Cap Core					0%	100%		
Small Cap Value					0%	100%		
Small Cap Growth					0%	100%		

Fixed Income Fund		
Asset Class	Min	Max
Core	65%	100%
Emerging Markets Debt	0%	10%
Bank Loans	0%	25%

Alternatives Fund		
Asset Class	Min	Max
Hedge Funds	60%	80%
Real Assets	20%	40%

Fund Composition	Conservative Balanced Fund		Moderate Balanced Fund		Aggressive Balanced Fund		Alternatives Balanced Fund	
	Min	Max	Min	Max	Min	Max	Min	Max
Total Equity Fund	25%	45%	50%	70%	65%	85%	40%	60%
Fixed Income Fund	55%	75%	30%	50%	15%	35%	20%	40%
Cash Fund	0%	10%	0%	10%	0%	10%		
Alternatives Fund							10%	30%

Fund Composition	Beyond Fossil Fuels Balanced Fund	
	Min	Max
BFF Domestic Core/ Small Cap/ International Funds	50%	70%
Fixed Income Fund	30%	50%
Cash	0%	10%

V. Investment Guidelines

The Investment Committee of United Church Funds establishes guidelines to ensure that the investments in UCF's funds meet the ethical, moral and social expectations of the church, and that appropriate diversification within each Fund is maintained. Investment managers retained by United Church Funds are expected to adhere to these guidelines unless otherwise specified in the guidelines within the investment advisory agreement between United Church Funds and the manager. Specific guidelines that are a part of the investment advisory agreement for United Church Funds' external managers are included in a separate document, the Statement of Investment Guidelines.

Alternative Investments Exception: Due to the specialized investments and strategies utilized by alternative investments, which are predominantly offered as commingled vehicles, the Investment Committee recognizes that these investments are subject to the diversification and quality guidelines of the investment advisor managing a given fund. Therefore, UCF's Alternatives Fund and by extension the Alternatives Balanced Fund may not be in compliance with UCF's social screens. In addition, the "Prohibited Transactions" cited in the Statement of Investment Guidelines may not apply to the Alternatives Fund and by extension the Alternatives Balanced Fund.

A. Guideline Changes

Any manager who believes that a change in the guidelines would be beneficial to the investors in UCF's funds should communicate this belief to the CIO who will take appropriate action depending on the situation.

B. Money Manager Structures

The assets of UCF's funds may be invested as separately managed accounts or in commingled or institutional mutual funds, depending on investment, administrative and cost considerations. The Investment Committee recognizes that commingled funds and mutual funds are subject to the diversification and quality guidelines of the investment advisor managing the fund. When selecting such an investment vehicle, the Investment Committee will attempt to select funds with portfolio policies and guidelines which are consistent with the guidelines in this Statement of Investment Policy. If screened investments held in a commingled or mutual fund do not exceed 2% of the assets under management by any manager, the fund will be considered consistent with the guidelines in this Statement of Investment Policy. However, there may be circumstances under which a commingled or institutional mutual fund may not be entirely consistent with the guidelines in the Statement of Investment Policy and yet represent the best or only alternative means of participating in a particular asset class. These circumstances may include an asset class in which costs, diversification requirements, limited access to available managers and the unavailability of separately managed accounts may necessitate the use of such a fund.

C. Exclusionary Screening

United Church Funds' efforts toward fostering a just and sustainable economic system and world include several effective strategies. Exclusionary screening is just one practice that examines the Environmental, Social, and Governance (ESG) impacts of the corporations in which we have invested. ESG considerations have always been a moral and performance issue for UCF, and the wider investing industry now increasingly acknowledges the importance of ESG factors. In addition to exclusionary screening, United Church Funds utilizes shareholder advocacy, investor statements on public policy and regulations, and intentional proxy voting on behalf of the United Church of Christ's assets. In an effort to drive positive outcomes, United Church Funds also seeks opportunities in impact investing.

United Church Funds endeavors to be a faithful representative of the principles of the United Church of Christ in its responsible investing program, but will always maintain the proper fiduciary controls over the assets entrusted to us. United Church Funds exclusionary screens reflect what is feasible and relevant for the Still Speaking faith.

Due to significant negative impacts of the following on human health and dignity, environmental integrity and moral responsibility, in its selection process the investment manager should avoid securities of companies which derive a significant portion^[4] of their revenues from:

- Tobacco Production
- Firearm / Ammunition Production
- Military / Nuclear Weapons Production
- Private Prison Operation
- Coal Extraction*
- Oil Extraction via Tar Sands[†]

In addition, United Church Funds' investment managers should avoid investment in companies whose practices within the following ESG impacts are unacceptable[‡]:

- Worker Safety
- Human Rights
 - Conflict Zones
 - Supply Chain Management
- Environmental/Greenhouse Gas Impacts
 - Carbon Emissions
 - Toxic Emissions / Waste
- Responsible Water Use

In addition to these avoidances, the Beyond Fossil Fuels Fund and the Beyond Fossil Fuels Balanced Fund should avoid coal production companies, and companies that explore for and/or produce oil or gas.

[4] As defined in the Statement of Investment Guidelines.

* Potential emissions based on proven reserves are the basis for this exclusion rather than revenues.

† Potential emissions based on proven reserves are the basis for this exclusion rather than revenues.

‡ As defined in the Statement of Investment Guidelines.

If an investment manager wishes to purchase securities of a company which the Investment Committee has determined should be avoided, that manager must first obtain permission to do so from the Chief Investment Officer. Any request for permission must be submitted in writing to the Chief Investment Officer by the manager, and it must include the research performed by the manager supporting the conclusion that no alternative with the same or superior risk/reward relationships compared to the security in question could be found.

While long-term investment performance is not expected to be impacted by exclusionary screens, our exclusionary screening practices are holistically and regularly monitored and, when necessary, thresholds or methodologies may be adjusted for potential investment performance impacts.

VI. Review and Evaluation Process

The Investment Committee believes that investors in UCF's funds are best served by the adoption of a long-term view of the investment process. The Investment Committee also recognizes that careful monitoring of results and timely decision-making when needed are critical to the program's success. As such, the Investment Committee has established the following formal program reviews as part of the ongoing monitoring process.

- A.** During the course of each year, the Investment Committee will review the overall investment program. This review will include an evaluation of:
 - 1. The structure of the investment program in relation to the needs and desires of investors.
 - 2. The objectives of each fund.
 - 3. The investment structure of each Fund, including the allocation of assets between asset classes, market segments and investment managers.
 - 4. The performance of each Fund in relation to its objectives.

- B.** At least once each year, the Investment Committee will review the performance of its investment managers. The yearly management review will include an evaluation of:
 - 1. The manager's investment performance in relation to appropriate indexes and universes.
 - 2. The manager's adherence to its stated investment approach.
 - 3. The manager's observance of the investment guidelines.
 - 4. Developments within the investment manager's organization of importance to United Church Funds.
 - 5. Over appropriate market cycles, typically three to five years, the nominal rate of return earned by each investment manager is expected to exceed the nominal rate of return of an index composed of the type of securities that typically comprise the manager's universe. The rate of return earned by the manager is expected to be sufficient to place the account for which that manager is responsible in the top 50% of similar accounts managed by a relevant peer group of managers in an industry standard robust peer universe. Returns relative to market indices are calculated net of fees, while returns relative to peer groups are calculated before fees. Fund managers and their specific performance benchmarks are listed in Statement of Investment Guidelines.

VII. Policies on Execution and Soft Dollar Transactions

Execution

Investment managers should seek “best execution” on all investment transactions. For security sales, best execution is defined as maximum net proceeds considering price, commissions or other similar expenses and all other transactions costs. For security purchases, best execution is defined as minimum net cost considering price, commissions or other similar expenses and all other transactions costs.

Soft Dollar Transactions

Soft dollar transactions are permitted under the following guidelines in situations in which United Church Funds determines that the service being acquired serves the best interest of investors in the Funds.

1. The trading policy requiring best execution may not be violated.
2. The investment manager will select the broker to be used and will negotiate the hard dollar/soft dollar ratio to be applied to transactions. This ratio will be included in the brokerage allocation report referred to in the Statement of Investment Guidelines of this Statement of Investment Policy.

The investment manager’s normal commission policies will be followed.

VIII. Conflict of Interest

The Board of Directors and Investment Committee of United Church Funds' serve the public trust and have a clear obligation to fulfill their responsibilities in a manner consistent with this fact. All decisions of the Board of Directors and Investment Committee of United Church Funds' are to be made solely on the basis of a desire to advance the best interests of United Church Funds'.

The Board of Directors has adopted a Conflict of Interest Policy to protect the interests of United Church Funds in any transactions or arrangements that might benefit the private interests of a member of the Boards of Directors or Investment Committee, or a family member; and to monitor the activities of a member of the Board of Directors or Investment Committee, or family member, that may compete with, or be detrimental to, the interests of United Church Funds'. The Conflict of Interest Policy governs all Directors, Committee Members, and Consultants within the investment process of United Church Funds.

IX. Policies on Securities Lending

The objectives of securities lending are to preserve principal and to earn incremental income consistent with prudent risk management and portfolio diversification. In accordance with these objectives, equity and fixed income securities may be lent to approved borrowers in order to increase the total return earned. Prior to any lending activity, there must be a properly executed securities lending agreement between United Church Funds and the lending agent which includes, but is not limited to, provisions for appropriate collateral accepted for securities on loan and indemnification against borrower defaults. Guidelines for securities lending can be found in the Statement of Investment Guidelines.