

WOMEN INVESTING TODAY

SEEKING JUSTICE IN OUR FINANCIAL LIVES

Webinar

May 22, 2018



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Executive, Business Development

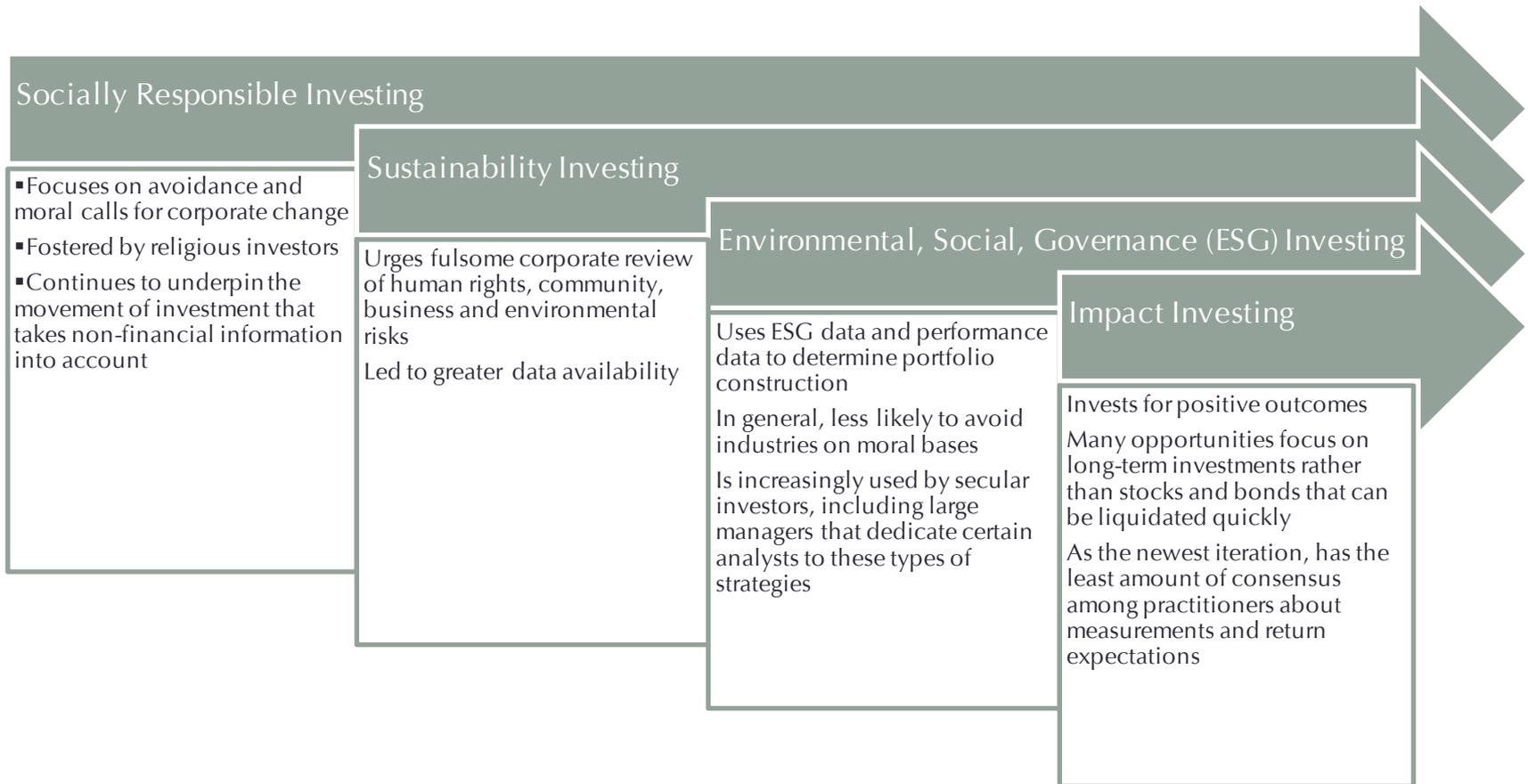
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Gender and Investing



- More United Church of Christ ordained clergy are women than men
- Gender Pay Gap
- Women Pay More for Credit
- Women Are Less Likely to Participate in Endowment Committees

A Growing Practice with Evolving Language



Socially Responsible Investing Cornerstones



- **Screened Portfolios**
Evolved from faith callings
- **Shareholder Resolutions**
seeking a particular change
- **Corporate Engagements**
to encourage better policies & practices
- **Proxy Voting**
consistent with UCC values & goals

Social Responsibility – In Good Company



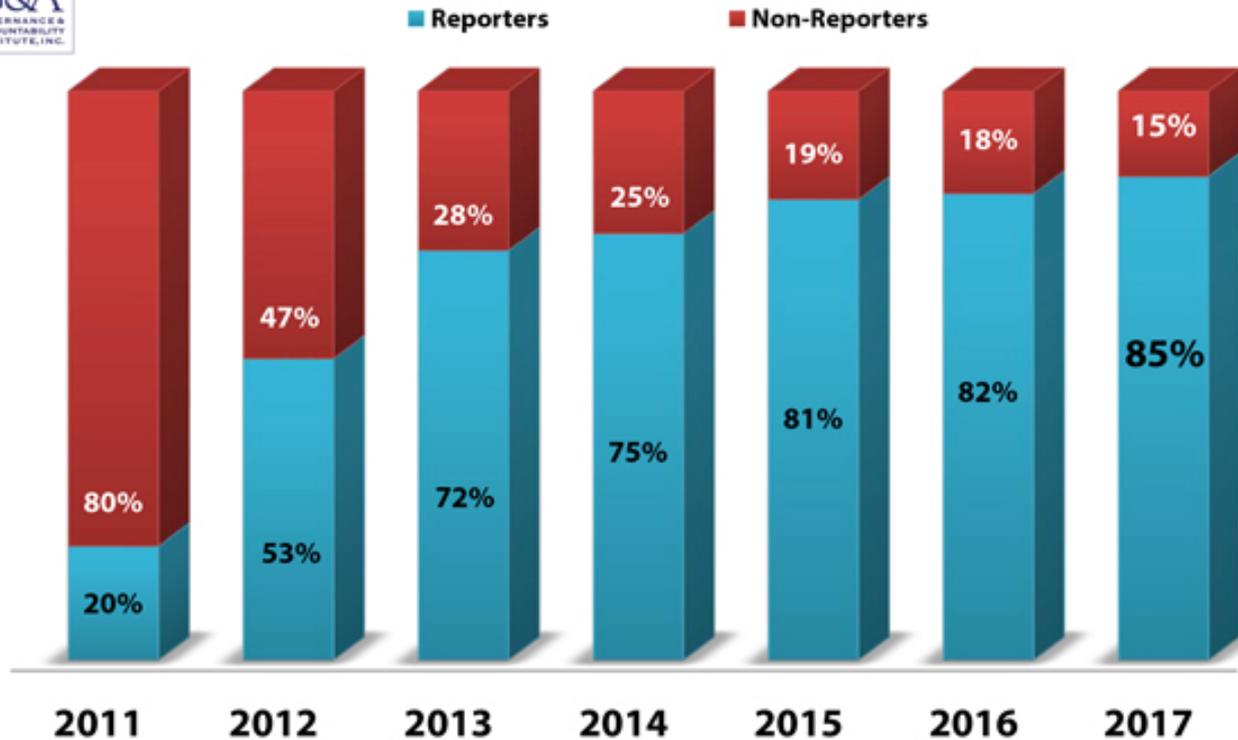
ICCR advocates for corporations to take the long-view on environmental, social and governance issues – to defend long-term investors' interests



Sustainability



Governance & Accountability Institute Research Results S&P 500® Companies Sustainability Reporting



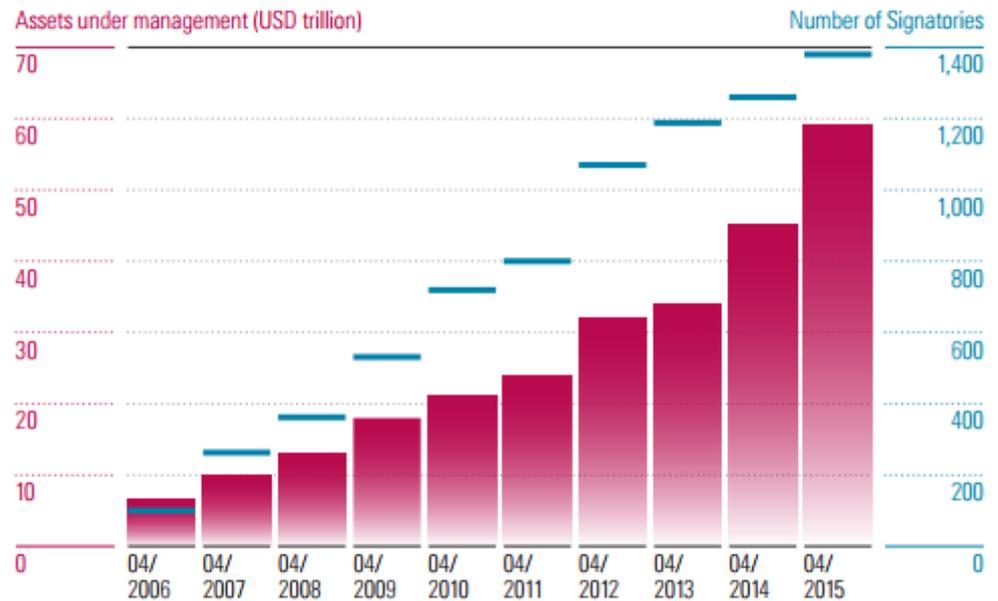
Source: Governance & Accountability Institute, Inc. 2017 Research — www.ga-institute.com

ESG Investing



UNPRI compels signatories to thoughtfully approach ideas of ESG investing through commitment to 6 principles

Assets Under Management and Number of UN PRI Signatories



Source: U.N. Principles for Responsible Investment.

ESG Investing

Principle 1: We will incorporate ESG issues into investment analysis and decision-making processes.

Principle 2: We will be active owners and incorporate ESG issues into our ownership policies and practices.

Principle 3: We will seek appropriate disclosure on ESG issues by the entities in which we invest.

Principle 4: We will promote acceptance and implementation of the Principles within the investment industry.

Principle 5: We will work together to enhance our effectiveness in implementing the Principles.

Principle 6: We will each report on our activities and progress towards implementing the Principles.



ESG Investing for Gender



A pioneer organization advocating for diversity in the corporate boardroom. Our vision is for senior leadership and board of directors to reflect the gender, racial and ethnic diversity of the United States workforce. The mission of the Thirty Percent Coalition is to promote gender diversity, including women of color, on corporate boards.

Board diversity has been broadly identified as one of the leading measurements on which there is a compelling correlation with improved shareholder value and company performance. The Coalition drives demand with action-oriented strategies advocating for companies to increase the number of women on their boards. To date, clear and identifiable results have been achieved — following the Coalition's Institutional Investors' initiatives more than [150 companies](#) have appointed a woman to their boards and, in many instances, a woman of color. The Coalition's investors represent more than \$3.2 trillion in assets under management and continue to have a major impact.

ESG Investing for Gender



Open Mic works to identify pressing social justice issues in the media and tech sectors.

Leveraging existing research, Open MIC works to understand issues ranging from government surveillance to internet access to workforce diversity.

Open Mic engages investors who share the values of a more open and democratic media and tech landscape.

Open Mic communicates with shareholders about why these issues matter while identifying strategies to make investor voices heard by company leadership.

ESG Investing for Gender



One Fair Wage seeks fair wages for restaurant workers, both using state legislation campaigns and direct to restaurant campaigns. Tipping, rather than a living hourly wage, promotes poverty and sexual harassment. From the organization's website:

70% of workers in the restaurant industry are women. Since a living base wage is not guaranteed, and women are instead forced to depend on tips, they frequently have to put up with sexual harassment from customers, co-workers, and management. The EEOC has targeted the restaurant industry as the single largest source of sexual harassment charges filed by women with a rate FIVE TIMES higher than any other industry.

Impact Investing

Impact investments are investments made into companies, organizations, and funds with the intention to generate social and environmental impact alongside a financial return. Impact investments can be made in both emerging and developed markets, and target a range of returns from below market to market rate, depending on investors' strategic goals.

The growing impact investment market provides capital to address the world's most pressing challenges in sectors such as sustainable agriculture, renewable energy, conservation, microfinance, and affordable and accessible basic services including housing, healthcare, and education.



Impact Investing - Concessionary



SHARED  INTEREST



Impact Investing – Market Rate



**THE
ABRAAJ
GROUP**

Investing in Foresight



Impact Investing for Gender

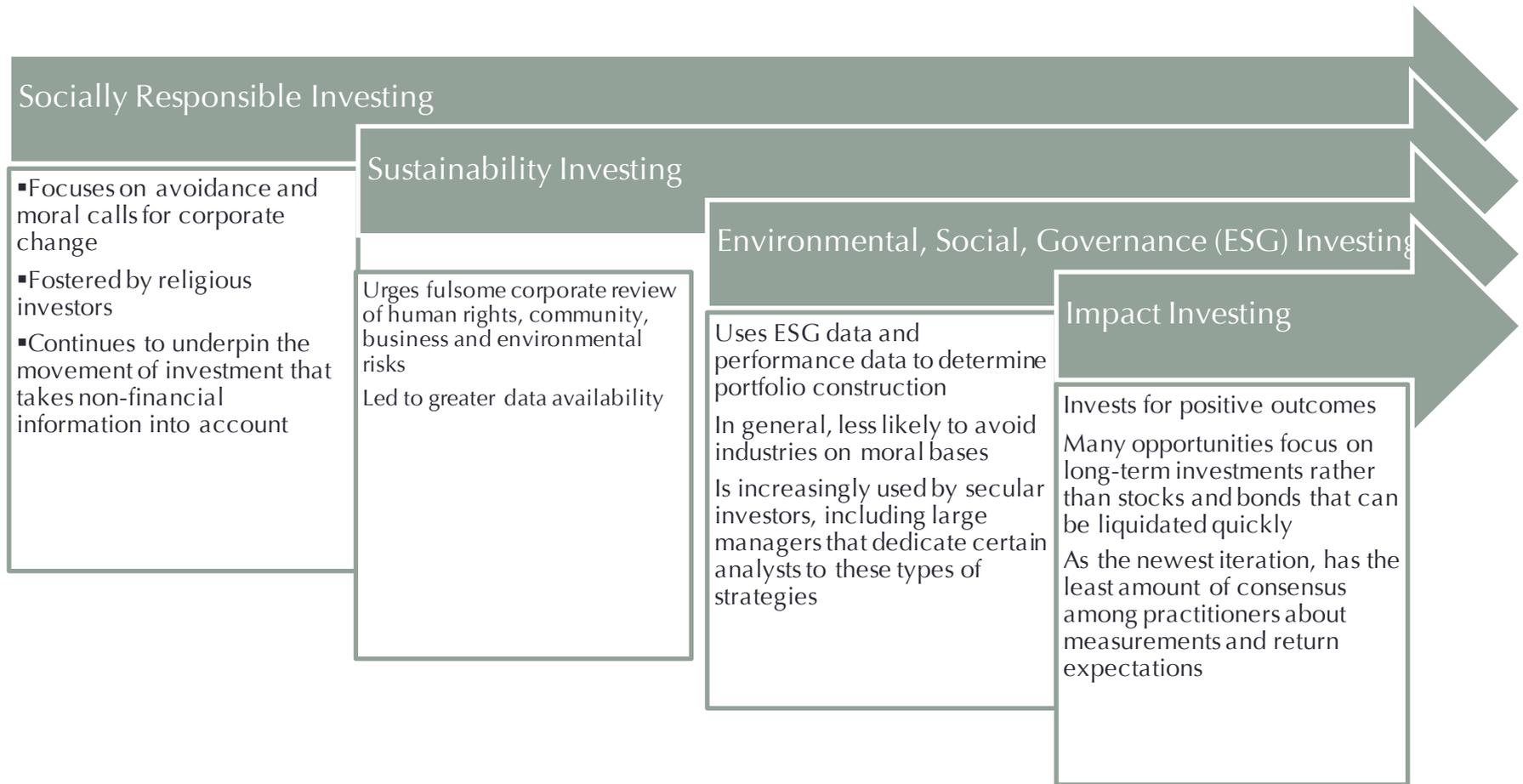


Gender Equity

Research consistently shows that economic growth for women has an important multiplier effect - when women flourish, so do societies. Women around the world invest 90% of their income back into their families and communities, which translates into greater access to nutritious foods, education, healthcare, and increased economic activity. Put simply, investing in women is just smart economics.

Reflecting this mounting evidence, alongside the growing wealth management of women here in the U.S., the investor community is increasingly interested in investing in women and girls.

A Growing Practice with Evolving Language



The Sustainable Development Goals



Implementing Values Aligned Investing

- Know what you own
- Choose an investment partner that understands your needs and perspective
- Consider both simple and more complex solutions
- Don't make "perfection" your goal
- Realize the process involves both opportunities and limitations/risks
- Get information from reputable and experienced sources
- Aim to work together, rather than in opposition, with proponents of SRI

United Church Funds — Overview

- A trusted investment partner of over 1,000 local churches and ministries of the United Church of Christ
- Approximately \$830 million in assets under management
- Thirteen investment funds with socially responsible fund options
- Experienced leadership in the development, management and governance of endowments



Overview of Fiduciary Standards

Who is an Investment Fiduciary?

Someone who is managing the assets of another person/entity and stands in a special relationship of trust, confidence, and/or legal responsibility. – *Fi360.com*

- 80% of liquid assets invested in US markets are managed by people with fiduciary responsibilities.
- Approximately 5 million investment fiduciaries in the US
- Duty of Care/Loyalty vs. Suitability Standard
- Conflicts of Interest - Obligation to avoid or manage/disclose

Overview of Fiduciary Standards

3 Groups of Investment Fiduciaries

1. Investment Stewards

- Trustees, investment committee members, etc.;
- Hold all fiduciary responsibilities unless delegated to another party;
- Most are untrained and unaware of fiduciary responsibilities.

2. Investment Advisors

- “Prudent Experts” giving comprehensive and continuous advice to Stewards;
- Most untrained on fiduciary duties despite having fiduciary responsibilities.

3. Investment Managers

- “Prudent Experts” who act with investment discretion over assets.
- Mutual Fund Managers, SMA managers, etc.

Components of An Endowment Policy Statement (EPS)

Endowment Policy Statement

Section 1: Governance

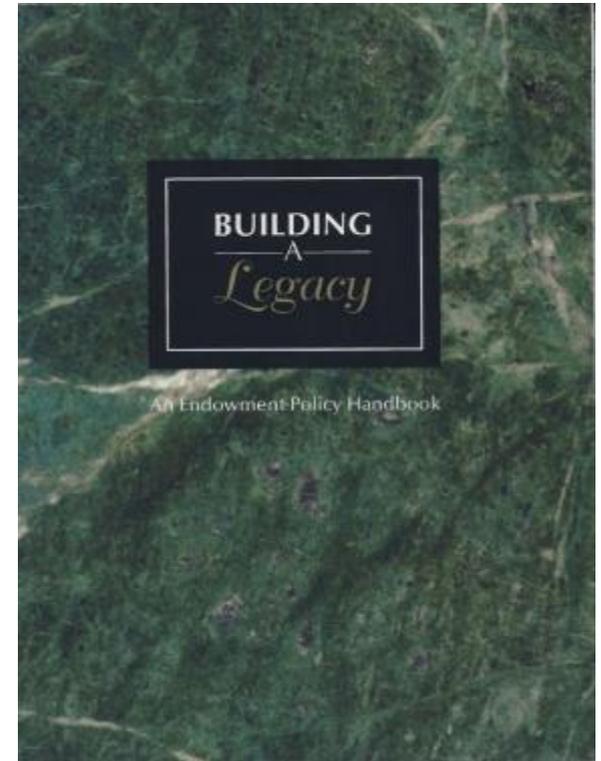
Section 2: Gift Acceptance Policy

Section 3: Investment Policy

Section 4: Distribution Policy

Resources

- Endowment Policy Handbook
- Sample templates from UC Funds
- Planned Giving
- *ucfunds.org*



Good Governance & Fiduciary Responsibility

Section 1: Governance of Assets

- What documents govern activities?
 - Charter, By-Laws, Laws, Trust Documents
- What committee is tasked with managing the endowment or the long-term investable assets of your church or ministry?
 - Endowment / Investment / Stewardship Committees
 - Church Council, in appointing members, inherits fiduciary responsibility
- How are people elected/appointed to this committee?
 - Terms of service
- What skills do you look for in church members (or others) who comprise the governing committee?

Any person serving on the governing committee has a fiduciary responsibility under UPMIFA

Gift Acceptance Policy

Section 2: Gift Acceptance

We joyfully accept your gift, but we reserve the right to manage the types of gifts we receive and the methods by which we receive them.

➤ Donor Communication

- Expresses to potential donors the types of gifts most useful to the organization
- Creates opportunities to fund specific missions and ministries.
- Sets rules for amounts to qualify for naming or restrictions.

➤ Fiduciary Protections

- Gifts of non-liquid assets may require excessive resources to liquidate or transition to meet the requirements of the IPS.
- Some gifts require too much effort to manage relative to the value, or place restriction not suitable to the core mission.

Investment Policy

Section 3: Investment Policy Statement (IPS)

- The Business Plan of the Portfolio - The most important function of a Steward is to build and review the IPS
- Must contain sufficient detail to define, implement, and monitor the investment strategy, but...
 - Not so detailed as to require constant revisions or;
 - Become impossible to implement by Investment Advisors and Investment Managers
- Look to the 7 Global Precepts of Fiduciary Excellence for a Guide

Distribution Policy

Section 4: Distribution Policy

A spending policy outlines the parameters by which funds are distributed to mission, ministry or other purposes.

➤ **Donor communication**

- Educates potential donors on opportunities to fund core ministries
- Communicates the prudent distribution method
- Sets parameters for spending patterns and distribution uses.

➤ **Fiduciary Protection**

- Disbursements are made in accordance with the spending policy, not the wishes of the governing committee.
- Policies must be reasonable relative to the market and consistent with the Investment Policy's anticipated return.
- Prevents excessive distributions and fiduciary liability

7 Precepts of Fiduciary Excellence

1. Know the standards, laws, and applicable trust provisions
2. Diversify assets to match the risk/return profile in the Investment Policy Statement
3. Prepare the Investment Policy Statement
4. Delegate to 'Prudent Experts', and document due diligence on selection of same
5. Control and account for investment expenses
6. Monitor the activities of "Prudent Experts", and document due diligence and actions on reviews.
7. Avoid conflicts of interest when possible, and always avoid prohibited transactions. If conflicts of interest are unavoidable, document in detail and communicate to all parties.

Review and Summary

As a Fiduciary and Steward, you should:

1. Follow the 7 Precepts of Fiduciary Excellence
2. Consistently apply practices, grounded in principles and guided by laws and governing documents
3. Delegate to prudent experts, but know that delegation doesn't equate to a release of full fiduciary responsibility.
4. Don't be afraid to self-assess, or use UCF as a resource for outside assessment
5. Be an ambassador for your endowment and fiduciary practices in order to grow your assets through new gifts.

“Leadership is practical not so much in words as in attitudes and actions.” – Harold S. Geneen

Thank you!

United Church Funds appreciates
the opportunity!



United Church Funds Staff

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* Members of the Board of Directors

Biographical information on UCF's Board Members and Investment Committee Members is available at www.ucfunds.org.

Disclaimer

Investing involves risk — consider the funds' investment objectives, risks and other factors, which are discussed in the Funds Description Statement. Past performance is no guarantee of future results.

Thank You!

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