

3rd Quarter 2019 PERFORMANCE WEBINAR

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UCF's Vision and Mission



Vision

Investment that creates a just world for all.

Mission

United Church Funds supports our clients' missions and generates outstanding values-aligned investment performance.

United Church Funds — Our Mission

Investing with a Mission: Performance Beyond the Numbers

- **Experience** – For over 100 years, UCF has been investing wisely to help our investors achieve their financial goals for their ministries.
- **Expertise** – UCF partners with investors to provide a range of resources and services to strengthen their portfolios, their endowment management, and the ministries they value.
- **Values-Aligned** – UCF provides socially responsible investment options, aligning to the values of the UCC on a variety of environmental, social and governance (ESG) issues.
- **Non-Profit Structure** – UCF offers professional investment management services exclusively for churches and faith-based ministries in a not-for-profit structure, reducing costs and providing more money for the ministries of our investors.

UCF's Updates

- In July, UCF introduced the Just World Fund in response to demand from faith-based investors for ways to make a direct and positive impact on people and communities in emerging and developed economies. Learn more at www.ucfunds.org.
- In September, UCF attended the Principle for Responsible Investment conference in Paris. UCF has been a PRI signatory since 2007, and as a signatory we commit to incorporating environmental, social and corporate governance issues into our investment policy, analysis and decision making. Learn more at www.unpri.org.
- UCF recently re-designed our website, which now features easier and improved navigation. Visit www.ucfunds.org.

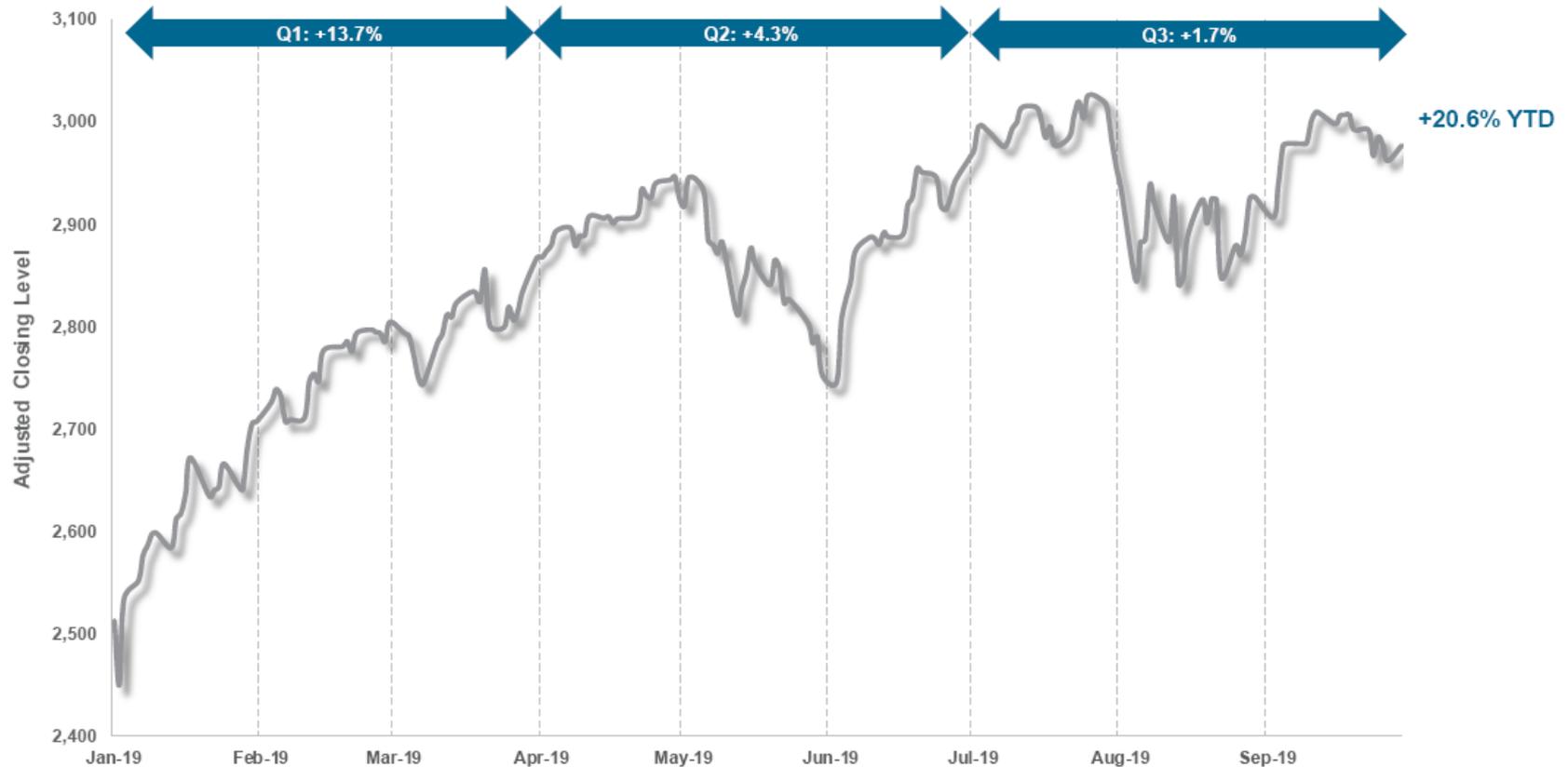
Questions & Answers – Market Volatility

Q3 2019 brought some additional downward pressure on equities early in the quarter. Can we anticipate the volatility we've seen over the past 12 months on a go-forward basis?

If so, what are a few of the key drivers that we are keeping an eye on?

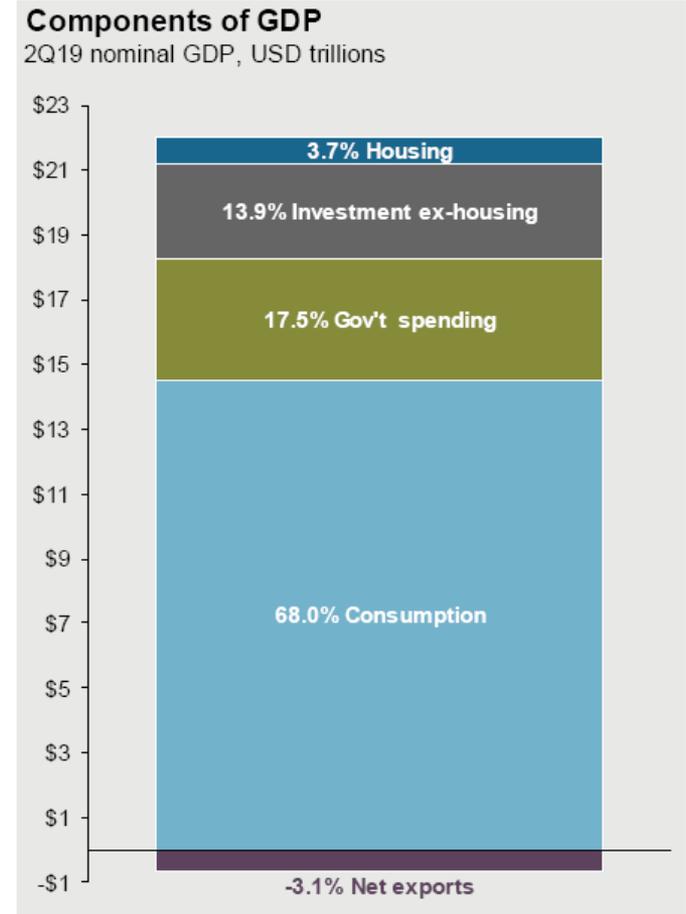
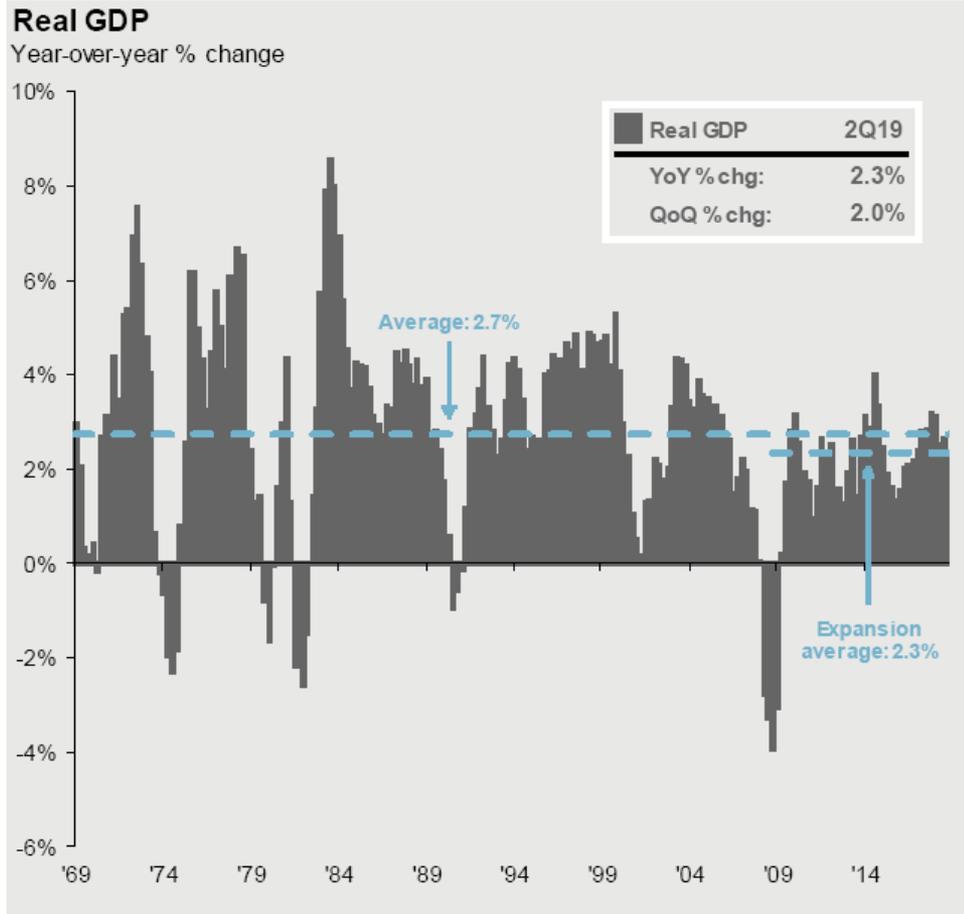
Strategy and Positioning – U.S. Market Returns

Year-to-Date Performance of the S&P 500 Index



➤ Relatively flat returns after another volatile quarter.

Strategy and Positioning – Business Risk Greater Than Consumer

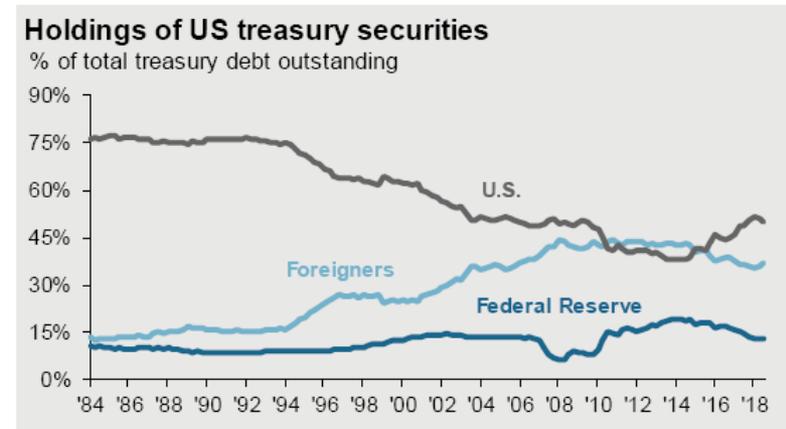
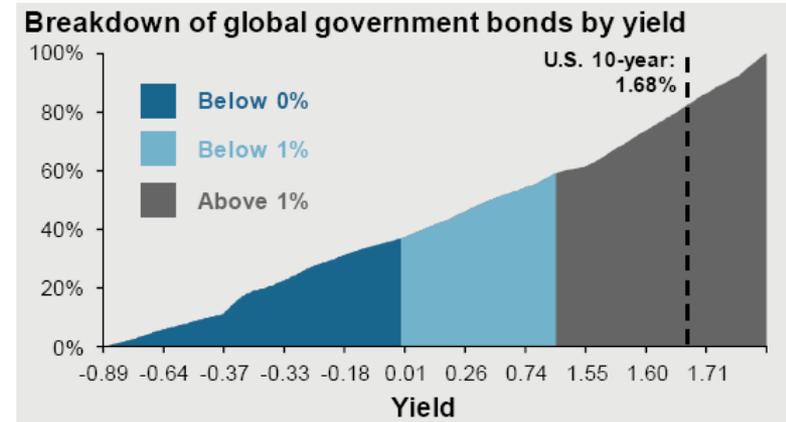
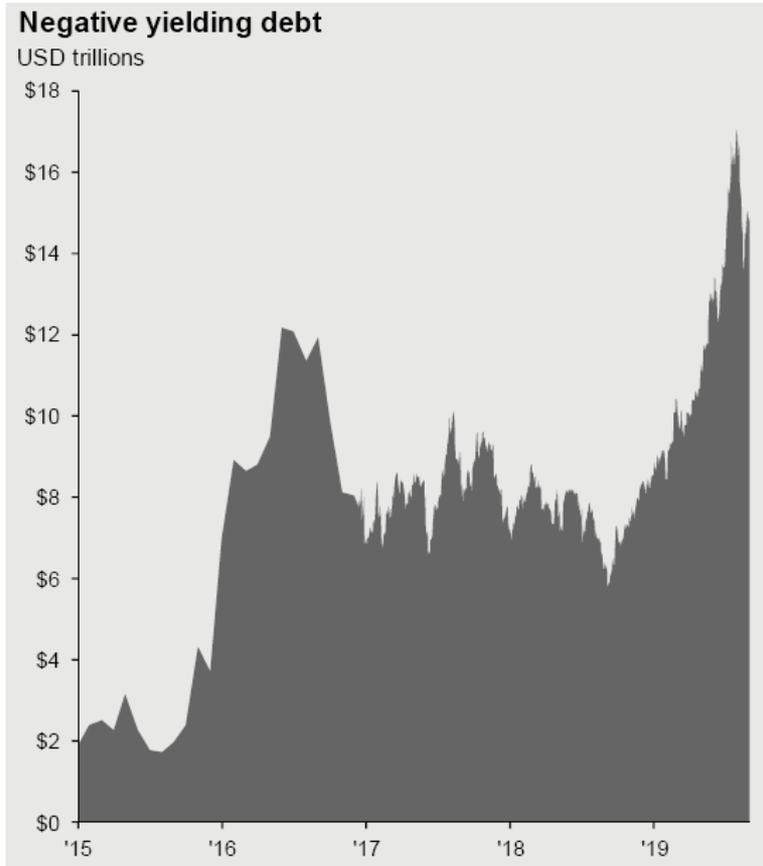


Questions & Answers – Fixed Income Assets

Can you speak to the strategies we use for Fixed Income assets to help insulate our bond exposure from interest rate volatility?

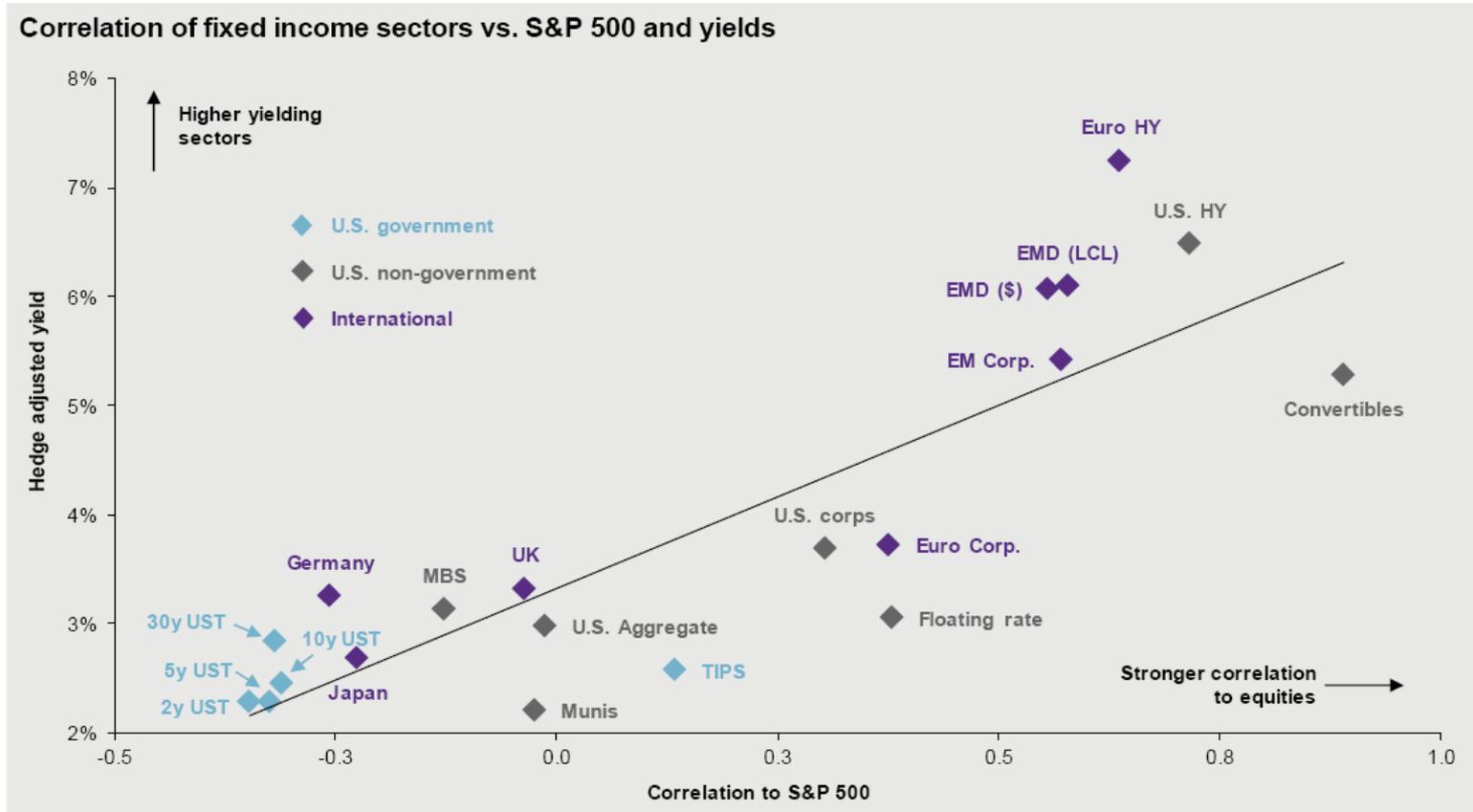
How does UCF see the importance of fixed income diversification as a tool for downside protection?

Strategy and Positioning – Uncharted Waters in Global Debt



- \$15T of negative yielding debt globally led to flows into U.S. debt.
- The U.S. 10-year treasury yield declined from 2.03% to 1.68%, with a low of 1.47% during the quarter.

Strategy and Positioning – Fixed Income is Challenging



- High Yield and Emerging Market Debt generating income with less protection, while Treasuries are providing more protection with little yield.

Questions & Answers – Green Bonds

What are green and social bonds, and how do they play a role in our overall allocation strategy?

Do we give up a return or take more risk in using green bonds than other “non-green” bonds?

Investment Performance — Sustainable Bond Investments

- 35% of the Fixed Income’s bond positions are considered “Sustainable.”
- 22% are “Green” and 13% are “Social.”

Green	Verizon Communications (Telecommunication Bond) Baa1/A-	<p>An amount equal to the net proceeds of the \$1 billion offering will be used to fund a variety of new and existing green investments made during the two years prior to the issuance of the Green Bond through the maturity of the Green Bond. A majority of the funds are anticipated to be allocated within three years, supporting Verizon’s long-term commitment to minimize its environmental impact, drive operating efficiencies and benefit the communities it serves. The eligible categories for the use of the net proceeds – renewable energy, energy efficiency, green buildings, sustainable water management and biodiversity and conservation – are designed to positively impact the environment and advance U.N. Sustainable Development Goals.</p>
Social	Fannie Mae (Multi-Family Mortgage Loans) Aaa/AA+	<p>82-unit low-income seniors apartment building located in Providence, RI, built in 1984. 100% of units restricted to incomes less than 50% of median area income under Project Based HAP/Sec 8.</p>

Questions & Answers – Commitment to Deliver a Competitive Performance

How confident should UCF clients feel about our team's ability to continue to follow our investment strategy given the current economic and market cycles?

Thank You