

MARKET UPDATE TOWNHALL MEETING

SECOND QUARTER 2020

New York, New York

July 28, 2020



Matthew W. Wagner
Vice President, Institutional Relationships

Stacey L. Pettice
Executive, Institutional Relationships



United Church Funds — Overview

- Trusted investment partner of 1,100 local churches, religious judicatories, and faith-based non-profits.
- Approximately \$850 million in assets under management
- Thirteen funds with responsible investment strategies
- Experienced leadership in the development, management and governance of endowments



United Church Funds Staff

Staff

| | |
|---------------------|---|
| Charles Buck | <i>President & CEO</i> |
| Matthew W. Wagner | <i>Vice President, Institutional Relationships</i> |
| Matthew Illian | <i>Director, Responsible Investing</i> |
| Stacey L. Pettice | <i>Executive, Institutional Relationships</i> |
| Milagros Hernandez | <i>Client Services Team Leader & Planned Giving Associate</i> |
| Michele Hamilton | <i>Staff Accountant</i> |
| Adam Sank | <i>Associate, Communications & Administration</i> |
| Crysta Seelal | <i>Client Services Representative</i> |
| Karen Sherman-Chang | <i>Acting Director, Finance & Administration</i> |
| Gaylord Tang | <i>Administrative Assistant</i> |
| Debbie Wibowo | <i>Associate, Marketing & Communications</i> |

Contracted Services from The Pension Boards — UCC

| | |
|------------------|--|
| David A. Klassen | <i>Chief Investment Strategist</i> |
| Lan Cai | <i>Senior Portfolio Manager and Strategist</i> |
| Minoti Dhanaraj | <i>Analyst-External Investments</i> |

Biographical information on UCF's Staff Members is available at www.ucfunds.org.

Contact: info@ucfunds.org • 877-806-4989 • ucfunds.org

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Board of Directors & Investment Committee

Board of Directors

Ms. Edith Guffey, *Chair*
Mr. Jiakai Chen
Rev. Dr. John C. Dorhauer, *ex officio*
Rev. Dr. Kathy Dwyer
Ms. Barbara Everett
Ms. Lisa Hinds
The Honorable Brian F. Holeman
Mr. Nesa Joseph
Rev. Gwendolyn V. Kirkland
Ms. Connie Lindsey
Rev. Penny L. Lowes
Mr. William Morgan
Rev. Stephen R. Silver
Ms. Darlene Y. Sowell
Mr. Bryan A. Thomas
Ms. Yvette Wynn, *ex officio*
Mr. Wade Zick

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Ms. Lisa Hinds*, *Chair*
Rev. Dr. Charles Buck, *ex officio*
Mr. Dennis Bushe
Mr. Jiakai Chen*
Ms. Fran M. Coopersmith
Ms. Edith Guffey*
Mr. Douglas S. Hatfield
Mr. Nesa Joseph*
Rev. Gwendolyn V. Kirkland*
Mr. Bryan A. Thomas*
Mr. Timothy Hachfeld

* Member of the Board of Directors

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

United Church Funds — Our Mission

Investing with a Mission: Performance Beyond the Numbers

- **Experience** – For over 100 years, UCF has invested wisely to help our clients achieve their financial goals for their ministries.
- **Expertise** – UCF partners with clients to provide a range of resources and services to strengthen their portfolios, their endowment management structures, and ultimately, the ministries they value.
- **Values-Aligned** – UCF provides responsible investment options that align portfolios to progressive Christian values regarding environmental, social and governance (ESG) factors.
- **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 clients.

Responsible Investing — a Multi-Faceted Approach

UCF utilizes a number of practices to achieve responsible investing:

- Corporate Engagements / Resolutions
- Proxy Voting
- Screened Portfolios
- Green/Sustainable Bonds
- UCF Investor Initiatives
- Impact Investing – Just World Fund
- Social Justice – UCF's Board is committing to improving racial and gender equity among investment managers

UCF works in collaboration with key partners:



Poll Questions

Strategy and Positioning — Themes

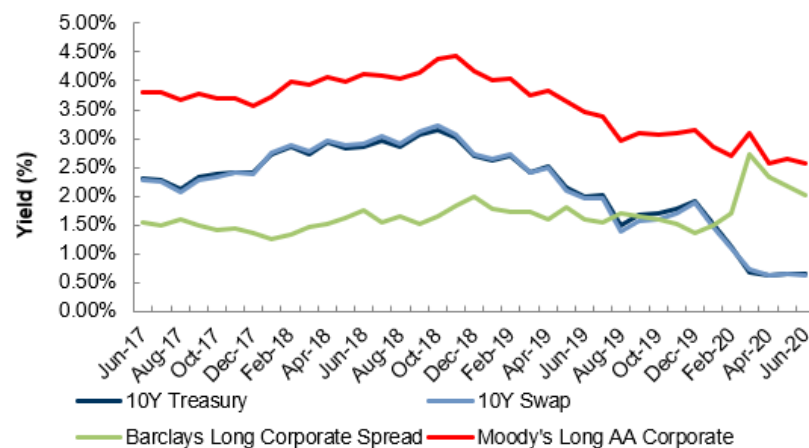
- **Markets Diverge from the Economy:** The economic toll from COVID-19 continues to be significant, without a clear line of sight until a vaccine is available. To mitigate the impact, there have been unprecedented fiscal and monetary stimulus packages around the globe driving equity markets higher in the face of high unemployment and business disruptions.
- **Markets on a Roller Coaster Ride:** Global markets bounced back strongly in the second quarter, creating whiplash after the first quarter's significant declines. The S&P 500 experienced its biggest quarterly gain since 1998. Volatility will likely remain due to low visibility on fundamentals of companies and the full economic impact of COVID-19.
- **Dynamic Allocations:** Over the short term (three months), there continued to be opportunities to benefit from market volatility. We entered Q2 strong by increasing equities in the Balanced Funds. Near the end of the quarter, we took down emerging markets to lock in some gains.
- **Macro Risks:** Beyond the resurgence of the pandemic, other macro risks exist. These include the U.S. Presidential election, U.S.-China trade tensions and social and political unrest.
- **Long-Term Strategy:** We continue to focus on long-term investment results, balancing the need for liquidity and returns through asset allocation decisions and manager selection.

Investment Performance — Selected Index Returns

Public Markets Performance (TR, USD)

| | QTD | CYTD | 2019 | 3 Yr |
|----------------------------|-------|--------|-------|-------|
| MSCI World | 19.5% | -5.5% | 28.4% | 7.3% |
| ACWI IMI | 20.0% | -6.8% | 27.0% | 6.1% |
| S&P 500 | 20.5% | -3.1% | 31.5% | 10.7% |
| MSCI EAFE | 15.1% | -11.1% | 22.7% | 1.3% |
| Russell 2000 | 25.4% | -13.0% | 25.5% | 2.0% |
| MSCI World ex-US Small Cap | 21.8% | -12.7% | 25.9% | 0.9% |
| MSCI EM Equity | 18.2% | -9.7% | 18.9% | 2.3% |
| Barclays Global Aggregate | 3.3% | 3.0% | 6.8% | 3.8% |
| Barclays US Long Treasury | 0.3% | 21.2% | 14.8% | 12.0% |
| Barclays US Long Corporate | 11.4% | 6.3% | 23.9% | 8.8% |
| JPM EM Debt | 12.3% | -2.8% | 15.0% | 3.6% |
| JPM EM Debt Local | 9.4% | -8.0% | 13.8% | 0.9% |
| Barclays Global High Yield | 12.2% | -4.6% | 12.6% | 2.2% |
| FTSE/NAREIT Global | 10.3% | -20.9% | 23.1% | -0.7% |
| GSCI Commodities | 10.5% | -36.3% | 17.6% | -8.7% |

Discount Rate Factors (%)



Changes in Yields and Spreads by Maturity (%)

| | Jun 2020 | Δ 1 mth | Δ 3 mth | Δ 1 yr |
|---------------------------------------|----------|---------|---------|--------|
| Risk Free (Treasuries) | | | | |
| 2Y | 0.15 | (0.01) | (0.08) | (1.59) |
| 10Y | 0.65 | 0.01 | (0.04) | (1.35) |
| 30Y | 1.41 | 0.00 | 0.06 | (1.12) |
| 10Y Swap | 0.63 | (0.01) | (0.09) | (1.32) |
| Barclays Long Corporate Spread | 2.02 | (0.16) | (0.72) | 0.41 |
| Moody's Long AA Corporate | 2.58 | (0.07) | (0.51) | (0.87) |

As of 30-June-2020. Source: GPS, Plot Tool. 2020. Plot tool is a proprietary analytical tool and database representing developed and emerging markets including the US, Europe, Asia, and Latin America for their respective Fixed Income, Equity, Foreign Exchange, Commodities, and Credit Markets covering thousands of cash, forward, futures, options, and swap instruments. Plot tool houses over 20 years of economic data. Indices are unhedged. Past performance does not guarantee future results, which may vary.

Investment Performance — U.S. Equity Return Overview

| QTD | | | | YTD | | | |
|-------|-------|-------|--------|-------|--------|--------|--------|
| | Value | Blend | Growth | | Value | Blend | Growth |
| Large | 14.3% | 20.5% | 27.8% | Large | -16.3% | -3.1% | 9.8% |
| Mid | 19.9% | 24.6% | 30.3% | Mid | -18.1% | -9.1% | 4.2% |
| Small | 18.9% | 25.4% | 30.6% | Small | -23.5% | -13.0% | -3.1% |

| Since market peak (October 2007) | | | | Since market low (March 2009) | | | |
|----------------------------------|-------|--------|--------|-------------------------------|--------|--------|--------|
| | Value | Blend | Growth | | Value | Blend | Growth |
| Large | 77.2% | 159.6% | 269.6% | Large | 341.9% | 480.0% | 653.8% |
| Mid | 99.2% | 141.4% | 205.8% | Mid | 408.5% | 482.5% | 606.9% |
| Small | 58.8% | 103.6% | 152.5% | Small | 292.8% | 391.0% | 495.8% |

Source: FactSet, Russell Investment Group, Standard & Poor's, J.P. Morgan Asset Management.

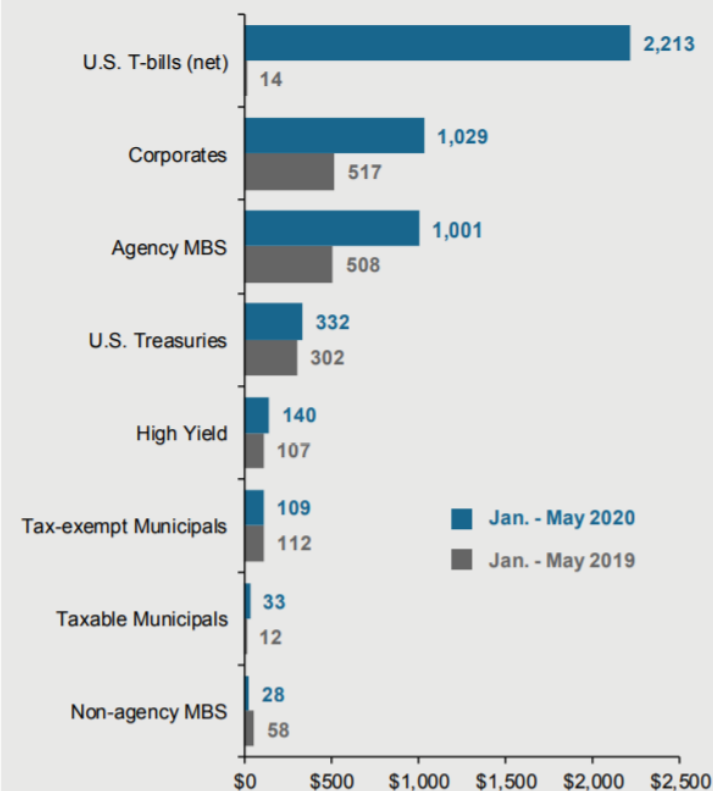
- Strong performance for U.S. equities in Q2, led by growth companies.
- Significant disparity between growth and value investing.
- Since March 2009 (post financial crisis), growth strategies have led the 10-year expansion in U.S. equities.

Investment Performance — Fixed Income

| U.S. Treasuries | Yield | | Return | | | |
|-----------------|-----------|-----------|----------|---------------|------------------------|------------------------|
| | 6/30/2020 | 3/31/2020 | 2020 YTD | Avg. Maturity | Correlation to 10-year | Correlation to S&P 500 |
| 2-Year | 0.16% | 0.23% | 2.96% | 2 years | 0.68 | -0.40 |
| 5-Year | 0.29% | 0.37% | 7.31% | 5 | 0.92 | -0.36 |
| TIPS | -0.68% | -0.17% | 6.01% | 10 | 0.59 | 0.16 |
| 10-Year | 0.66% | 0.70% | 12.70% | 10 | 1.00 | -0.34 |
| 30-Year | 1.41% | 1.35% | 24.91% | 30 | 0.93 | -0.34 |
| Sector | | | | | | |
| Corporates | 2.15% | 3.43% | 5.02% | 12.1 | 0.42 | 0.38 |
| U.S. Aggregate | 1.25% | 1.59% | 6.14% | 8.1 | 0.85 | 0.01 |
| Convertibles | 6.83% | 6.77% | 7.29% | - | -0.30 | 0.90 |
| High Yield | 6.87% | 9.44% | -3.80% | 6.3 | -0.25 | 0.74 |
| Municipals | 1.50% | 2.01% | 2.08% | 13.0 | 0.39 | 0.08 |
| MBS | 1.36% | 1.34% | 3.50% | 3.7 | 0.82 | -0.14 |
| ABS | 3.10% | 4.29% | 0.51% | 2.2 | 0.01 | 0.28 |
| Floating Rate | 0.94% | 3.61% | 0.35% | 1.8 | -0.23 | 0.46 |

Issuance by sector

USD billions, gross issuance through May 2020 vs. May 2019



Source: Barclays, Bloomberg, FactSet, SIFMA, Standard & Poor's, U.S. Treasury, J.P. Morgan Asset Management.

- Government backing of fixed income markets has led to a risk-on environment, with strong returns in high yield, emerging market debt, and bank loans in the quarter.

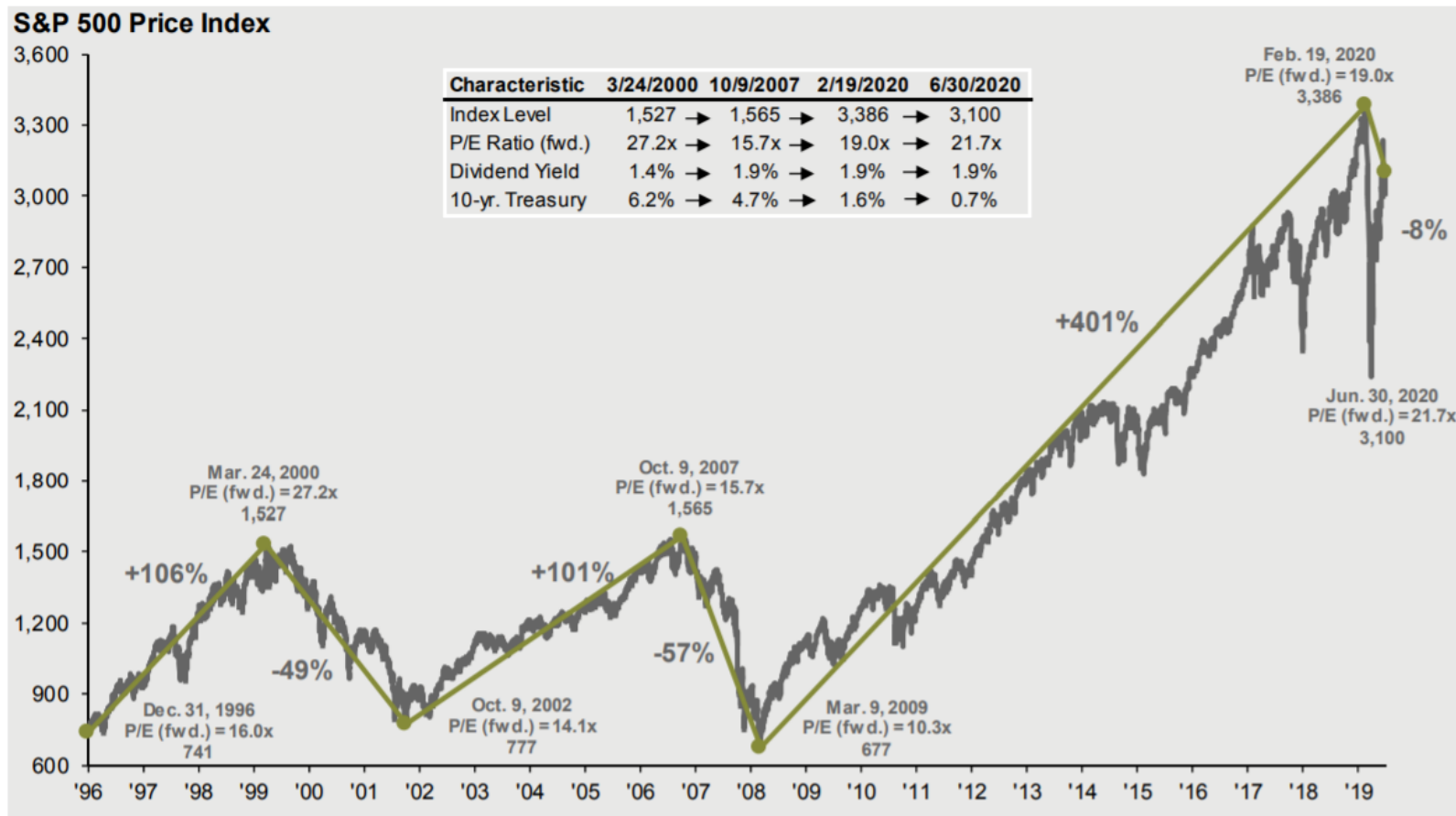
Investment Performance — Managed Funds, June 30, 2020

| TOTAL RATES OF RETURN AS OF 6/30/20 | | | | | | ANNUALIZED | | | |
|--|---|----------------|---------|--------------|----------|-------------|------------|-----------|---------------|
| Returns on UCF's funds are presented net of fees | | Inception Date | Quarter | Year To Date | One Year | Three Years | Five Years | Ten Years | Current Yield |
| MANAGED FUNDS | Fixed Income Fund | 10/1/94 | 4.79% | 4.59% | 6.84% | 4.36% | 3.57% | 3.29% | 3.15% |
| | Fixed Income Policy Index 85% Barclays US Gov't/Credit Aggregate, 5% JPM GBI-EM Global Diversified, 10% S &P LSTA Performing Loan | | 4.67% | 5.45% | 8.32% | 5.37% | 4.55% | 3.95% | |
| | Lipper Core Plus Fixed Income | | 6.02% | 4.80% | 7.49% | 4.87% | 4.21% | 4.22% | |
| | Domestic Core Equity Fund | 10/1/05 | 20.54% | -5.88% | 3.35% | 8.80% | 9.03% | 13.11% | 1.81% |
| | S &P 500 Index | | 20.54% | -3.08% | 7.51% | 10.73% | 10.73% | 13.99% | |
| | Lipper Large Cap Core | | 19.60% | -3.89% | 5.77% | 9.15% | 9.09% | 12.55% | |
| | Beyond Fossil Fuels Fund | 11/3/14 | 20.52% | -6.90% | -0.20% | 3.36% | 6.37% | N/A | 2.76% |
| | S &P 500/MSCI ACWI IMI net, linked | | 19.83% | -7.06% | 1.17% | 5.55% | 7.25% | | |
| | Lipper Global Equity | | 18.34% | -8.34% | -1.52% | 3.61% | 4.90% | | |
| | Small Cap Equity Fund | 10/1/05 | 27.25% | -9.68% | -0.78% | 4.97% | 5.12% | 9.99% | 1.03% |
| | Russell 2000 Index | | 25.42% | -12.98% | -6.63% | 2.01% | 4.29% | 10.50% | |
| | Lipper Small Cap Core | | 22.61% | -17.83% | -12.29% | -1.36% | 2.06% | 8.83% | |
| | International Equity Fund | 10/1/05 | 20.18% | -9.39% | -1.24% | 1.58% | 2.93% | 5.19% | 2.40% |
| | MSCI ACWI ex US net/Custom Index, linked | | 16.12% | -11.00% | -4.80% | 1.13% | 2.36% | 5.11% | |
| | Lipper International Equity | | 16.04% | -11.57% | -5.71% | -0.45% | 1.25% | 5.18% | |
| | Alternatives Fund | 7/1/10 | -0.46% | 0.63% | 2.35% | 3.58% | 2.48% | 4.67% | N/A |
| | Custom Index 70% HFRI Funds of Funds Composite Index, 30% NCREIF Fund Index | | 5.20% | -0.99% | 1.31% | 3.39% | 3.30% | 5.04% | |

Investment Performance — Funds of Funds, June 30, 2020

| TOTAL RATES OF RETURN AS OF 6/30/20 | | | | | | ANNUALIZED | | | |
|--|---|----------------|---------------|---------------|--------------|--------------|--------------|--------------|---------------|
| Returns on UCF's funds are presented net of fees | | Inception Date | Quarter | Year To Date | One Year | Three Years | Five Years | Ten Years | Current Yield |
| FUNDS OF FUNDS | Total Equity Fund 47.80% Domestic Core Equity, 8.70% Small Cap Equity and 43.50% International Equity | 10/1/94 | 20.84% | -7.83% | 0.83% | 4.78% | 5.67% | 8.99% | 2.00% |
| | MSCI ACWI IMI net/Policy Index, linked | | 19.83% | -7.06% | 1.17% | 5.55% | 6.12% | 9.49% | |
| | Lipper Global Equity | | 18.34% | -8.34% | -1.52% | 3.61% | 4.90% | 8.44% | |
| | Conservative Balanced Fund 36.30% Equity, 60.40% Fixed Income and 3.30% C&E | 1/1/06 | 9.90% | -0.09% | 4.73% | 4.35% | 4.15% | 5.33% | 2.63% |
| | Current Policy Index 35% MSCI ACWI IMI net, 65% Fixed Income Policy Index | | 9.84% | 1.30% | 6.26% | 5.74% | 5.34% | 6.10% | |
| | Lipper Mixed Asset Target Allocation Conservative | | 9.27% | -0.47% | 3.24% | 3.83% | 3.87% | 5.38% | |
| | Moderate Balanced Fund 60.90% Equity, 35.10% Fixed Income and 4.00% C&E | circa 1958 | 14.07% | -2.57% | 3.81% | 4.67% | 4.80% | 6.79% | 2.32% |
| | Current Policy Index 60% MSCI ACWI IMI net, 40% Fixed Income Policy Index | | 13.63% | -1.82% | 4.49% | 5.80% | 5.75% | 7.50% | |
| | Lipper Mixed Asset Target Allocation Moderate | | 11.94% | -2.57% | 2.66% | 4.52% | 4.74% | 7.03% | |
| | Aggressive Balanced Fund 76.10% Equity, 19.10% Fixed Income and 4.80% C&E | 1/1/06 | 16.66% | -4.78% | 2.54% | 4.68% | 5.10% | 7.61% | 2.12% |
| | Current Policy Index 75% MSCI ACWI IMI net, 25% Fixed Income Policy Index | | 15.93% | -3.75% | 3.32% | 5.76% | 5.93% | 8.28% | |
| | Lipper Mixed Asset Target Allocation Aggressive | | 15.23% | -3.62% | 2.83% | 5.52% | 5.67% | 8.49% | |
| | Beyond Fossil Fuels Balanced Fund 62.30% BFF, 36.40% Fixed Income and 1.30% C&E | 11/3/14 | 13.59% | -0.35% | 4.92% | 4.52% | 4.89% | N/A | 2.63% |
| | Current Policy Index 60% MSCI ACWI IMI net, 40% Fixed Income Policy Index | | 13.63% | -1.82% | 4.49% | 5.80% | 5.75% | | |
| | Lipper Mixed Asset Target Allocation Moderate | | 11.94% | -2.57% | 2.66% | 4.52% | 4.74% | | |
| | Alternatives Balanced Fund 50.6% Equity, 23.3% Fixed Income, 24.8% Alternatives, 1.3% C&E | 7/1/10 | 10.62% | -3.22% | 2.62% | 4.29% | 4.32% | 6.44% | N/A |
| | Current Policy Index 50% MSCI ACWI IMI net, 30% Fixed Income Policy and 20% Alternatives Policy | | 12.22% | -1.86% | 3.76% | 5.36% | 5.32% | 7.17% | |

Investment Performance — S&P 500 Index at Inflection Points

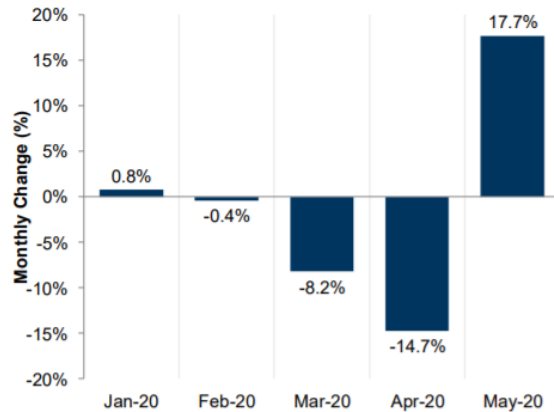


Source: Compustat, FactSet, Federal Reserve, Standard & Poor's, J.P. Morgan Asset Management.

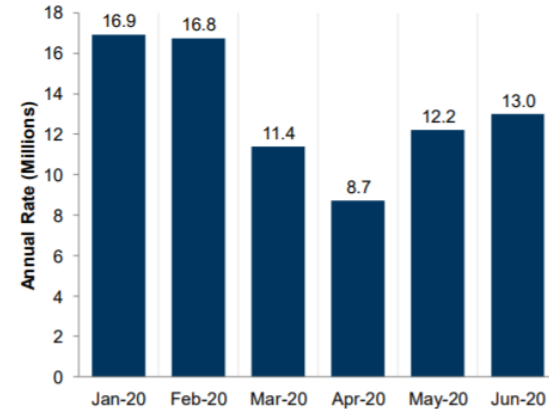
- The S&P 500 rebounded +20.5% in the quarter, after a -19.6% decline in the first quarter, creating whiplash in the markets. This was led by significant monetary and fiscal stimulus (\$2.4T, ~11.8% of GDP).

Strategy and Positioning — Economic Activity Improvement

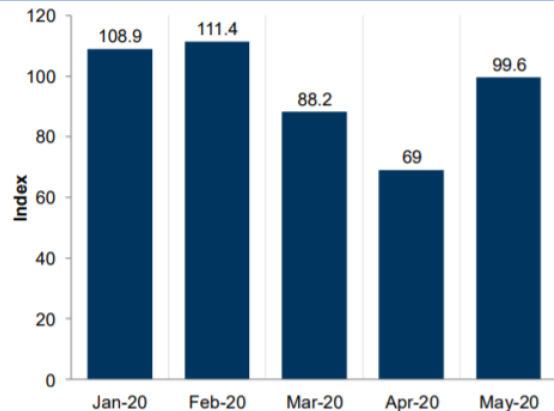
1. Total Retail and Food Service Sales



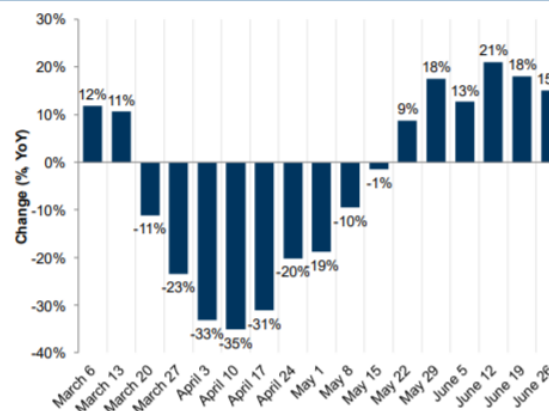
2. Light Vehicle Sales



3. Pending Home Sales



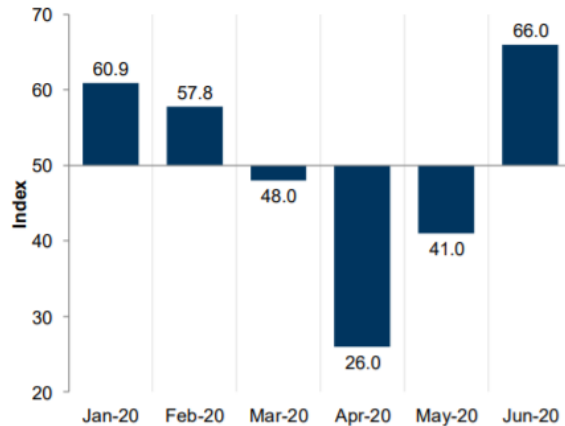
4. Mortgage Applications for Home Purchase



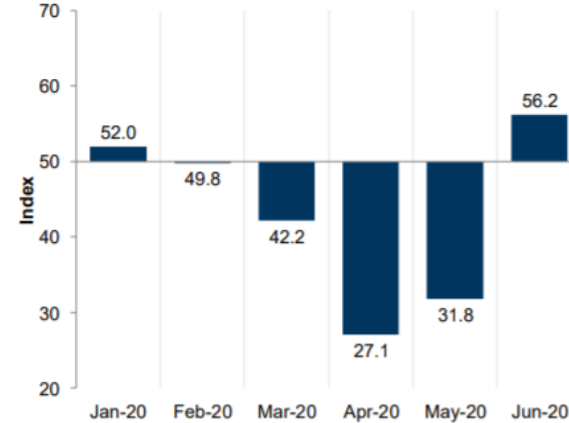
- Industries hard-hit by COVID-19 impacts have seen a bounce-back in Q2 but face pressure from more recent returns to closures/restrictions. Virus fears and low interest rates coupled to drive mortgage applications up.

Strategy and Positioning — Economic Activity Improvement

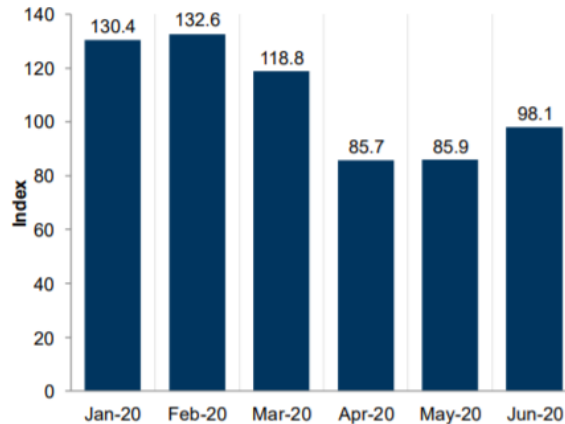
1. ISM Non-Manufacturing Business Activity Index



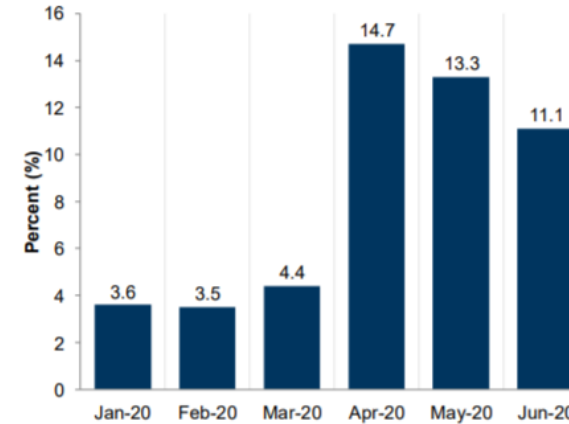
2. ISM Manufacturing Survey, New Orders Index



3. Conference Board Consumer Confidence



4. Unemployment Rate

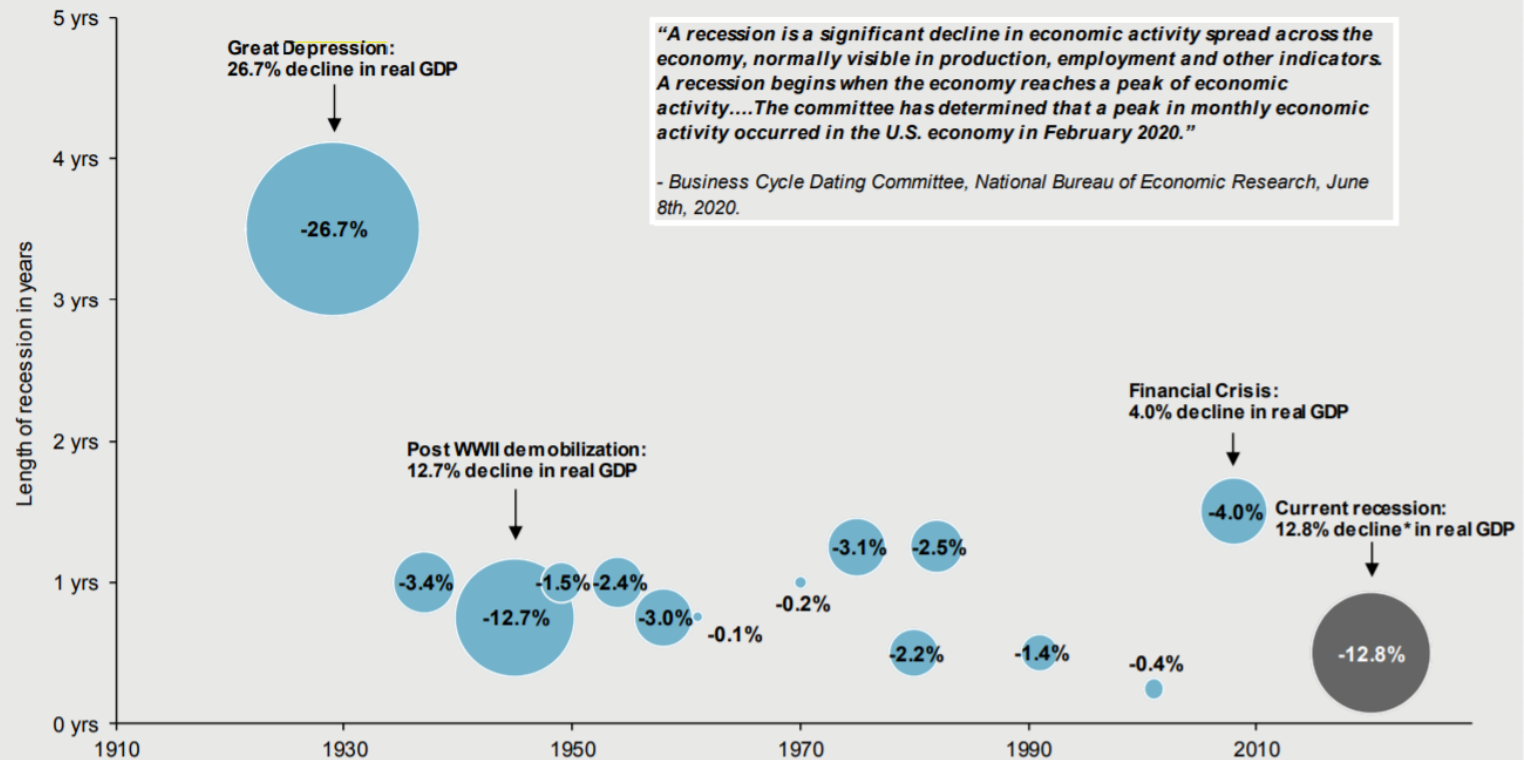


- Manufacturing production has rebounded, but unemployment continues to be above 10%

Strategy and Positioning — Markets Diverge From The Economy

The Great Depression and post-war recessions

Length and severity of recession



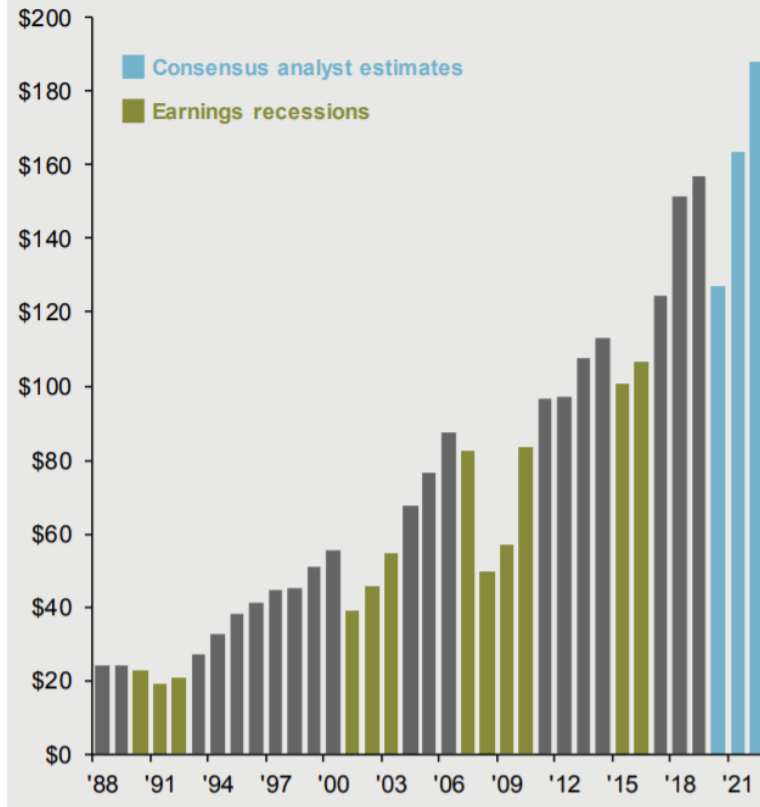
Source: BEA, NBER, J.P. Morgan Asset Management.

- The economic disruption has been impacting all sectors, industries and geographies, but to varying degrees. The U.S. is a large service economy and thus will see the most impact to the hotel, entertainment, tourism, airline, retail and restaurant industries.

Strategy and Positioning — Corporate Earnings Projections

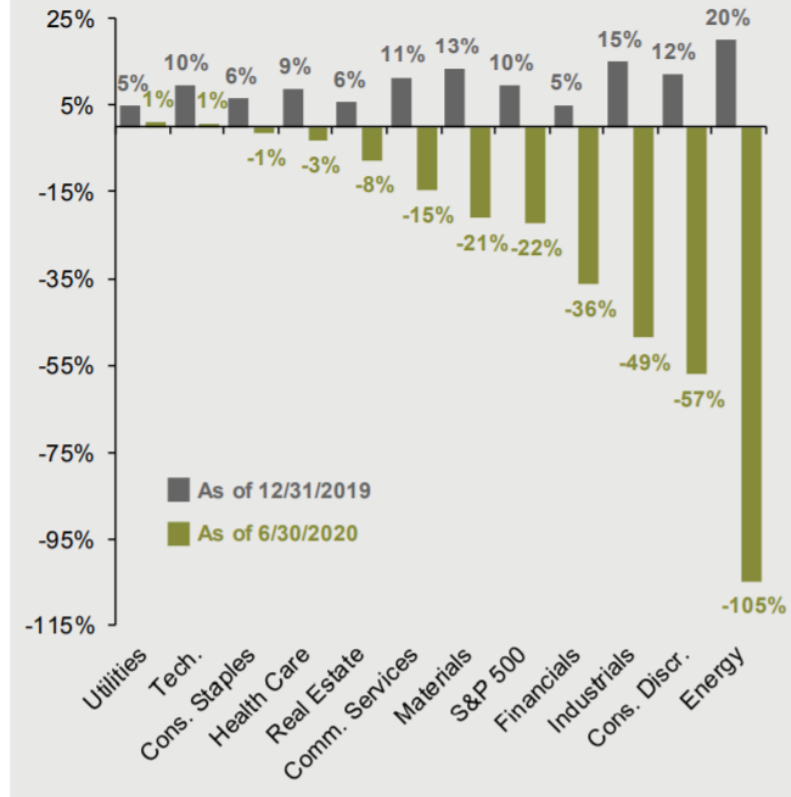
S&P 500 earnings per share

Index annual operating earnings



S&P 500 2020 earnings growth estimates

Year-over-year % change



Source: Compustat, FactSet, Standard & Poor's, J.P. Morgan Asset Management.

- Earnings guidance and estimates have been largely pushed to 2021 in hopes that by then, the COVID-19 crisis will be mostly behind us. Certain sectors have seen significant reversals in their earnings estimates.

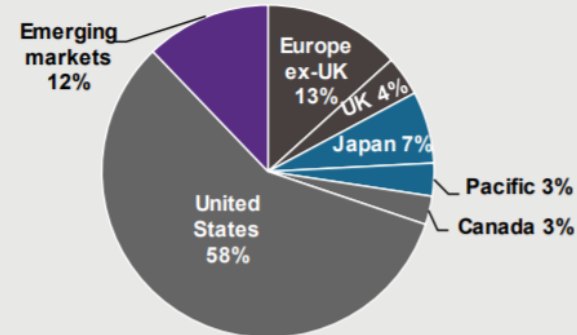
Strategy and Positioning — Dynamic Allocations in Equities

| Returns | 2020 YTD | | 2019 | | 15-years | |
|---------------------------|----------|-------|-------|------|----------|------|
| | Local | USD | Local | USD | Ann. | Beta |
| Regions | | | | | | |
| U.S. (S&P 500) | - | -3.1 | - | 31.5 | 9.0 | 0.87 |
| AC World ex-U.S. | -8.8 | -10.8 | 21.4 | 22.1 | 5.7 | 1.10 |
| EAFE | -10.3 | -11.1 | 22.3 | 22.7 | 5.3 | 1.06 |
| Europe ex-UK | -9.0 | -8.6 | 27.5 | 25.9 | 5.9 | 1.20 |
| Emerging markets | -5.4 | -9.7 | 18.5 | 18.9 | 7.8 | 1.26 |
| Selected Countries | | | | | | |
| United Kingdom | -17.7 | -23.2 | 16.5 | 21.1 | 4.2 | 1.01 |
| France | -15.6 | -15.5 | 29.3 | 27.0 | 5.9 | 1.22 |
| Germany | -7.2 | -7.1 | 23.9 | 21.7 | 6.4 | 1.32 |
| Japan | -7.6 | -6.9 | 18.9 | 20.1 | 4.3 | 0.75 |
| China | 3.5 | 3.6 | 23.3 | 23.7 | 11.3 | 1.26 |
| India | -12.1 | -16.9 | 10.0 | 7.6 | 9.2 | 1.31 |
| Brazil | -16.5 | -38.8 | 31.5 | 26.7 | 9.5 | 1.47 |
| Russia | -14.3 | -24.3 | 38.8 | 52.7 | 7.4 | 1.53 |

Source: FactSet, Federal Reserve, MSCI, Standard & Poor's, J.P. Morgan Asset Management.

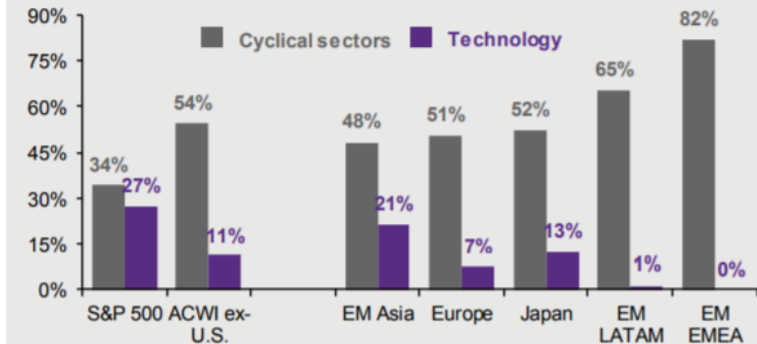
Weights in MSCI All Country World Index

% global market capitalization, float adjusted



Representation of cyclical and technology sectors

% of index market capitalization



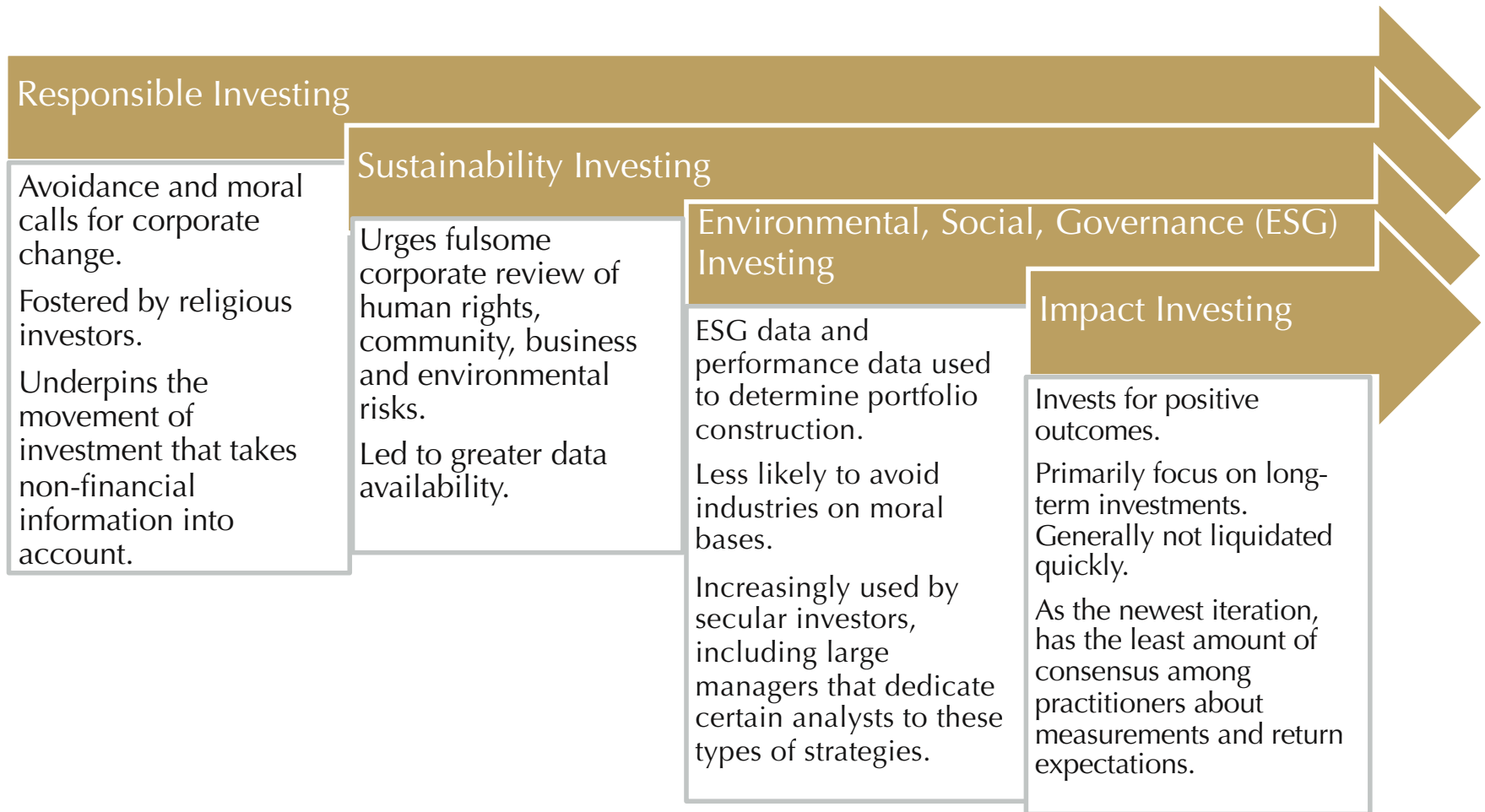
- The U.S. continues to outperform the rest of the world due a higher weight to technology. This has started to shift to international markets, with higher weightings in cyclicals as economies come out of the virus faster. We actively pursue opportunities to shift dynamically between markets.

Key Takeaways

- **Active Management Produces Strong Results** – UCF's active management strategy benefited clients in Q2 2020, with six of seven managed funds matching or exceeding unmanaged benchmarks in Q2 2020, and five of seven managed funds doing the same YTD 2020. UCF's performance vs. benchmark is led by Small Cap Equity (+330 bps) and International Equity (+161 bps).
- **COVID-19 Impacts Continue** – Rising cases in July are leading to a return to closures/restrictions on the travel and hospitality industries. While we may not see federal regulations on the use of masks, most urban centers continue to enforce local mandates for masks, social distancing, and large gatherings. The federal government may enact another round of stimulus and loan programs for small business if restrictions continue.
- **Rising Equity Markets Belie a Weakened Economy** – With many companies and investors pushing earnings guidance expectations to a post-COVID-19 2021 economy, the Q2 rebound in global equities is decoupled from the current economic realities of 10% unemployment and crippled small businesses in the hospitality industry.
- **U.S. Presidential Election on the Horizon** – A split electorate is gearing up for an historically divisive presidential election. In the wake of social unrest and the global pandemic, investors should expect rocky and volatile market conditions in the run-up to November 3, 2020.

Poll Questions

Responsible Investing — A Growing Practice with Evolving Language



Responsible Investing – Exclusionary Screens

UCF avoids securities of companies which derive a significant portion of their revenues from:

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

UCF avoids investment in companies whose practices within the following ESG impacts are unacceptable:

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

The Beyond Fossil Fuels and the Beyond Fossil Fuels Balanced Funds actively screen investments in coal production companies and companies that explore for and/or produce oil or gas.

Responsible Investing – Corporate Engagement Strategies for Positive Impact

Shareholder Resolutions

- A formal item on a corporate agenda brought by shareholders regarding an ESG improvement.
- Often includes a lead shareholder and several “co-filing” institutions.

Corporate Dialogs

- Conversations with corporate management regarding a particular environmental, social or governance (ESG) improvement that the company should make.

Responsible Investing – UCF Stands with Standing Rock Sioux Tribe

Welcomed Tribal
Chairman to
UCF offices

- Chief Dave Archambault II discussed ways to seek justice in protecting the sacred grounds and waters from the Dakota Access Pipeline.

UCF offered our
seat at Marathon
Petroleum
annual meeting

- Provided Sioux tribe member with the ability to speak directly to company management.

Co-filed
resolution to
Marathon
Petroleum

- Urged the company to disclose due diligence process on environmental and human rights risks, including indigenous rights risks.
- Resolution received high level of support of 35%.
- Ultimately, Marathon adjusted its policy around its responsibility to human rights.

Responsible Investing – UCF and Others Stop Bank Financing of Private Prisons

UCF filed a
Shareholder
Resolution

- Called for a Board Committee overseeing its human rights risks. Other investors co-filed.

Conducted
Conversations

- Described why investments and financing of private prisons were leaving SunTrust open to human rights risks.

SunTrust
agreed

- After successfully negotiating with the company, and outside activist pressure, SunTrust announced that it would no longer invest in private prisons.



Responsible Investing – UCC and UCF Board Response to Racial Inequality

➤ UCC National Setting at Forefront of Racial Justice

❑ Calls for us to:

- Disrupt institutions with unjust policies and practices.
- Dismantle structural systemic, institutional and individual racism.
- Build a stronger faith-based movement for peace, justice, equality and inclusivity.

➤ UCF Board is committed to addressing racial equality within the investment manager selection and portfolio construction processes

“We are specifically (and unapologetically) seeking institutional quality Black-owned, managed, operated and staffed asset managers whose mission aligns with ours.”

–Lisa Hinds, UCF Investment Committee Chair

Responsible Investing – UCF Investment Policy Guidelines

➤ **Proxy Voting Guidelines**

- ❑ The purpose of these guidelines is to encourage and support corporate policies and actions that promote human health and dignity, environmental integrity and moral responsibility.

➤ **Board Nominees Qualifications**

- ❑ We support boards that are composed of qualified individuals who reflect a diversity of experience, gender, race and age.
- ❑ We support proposals seeking to report on corporations' efforts to increase board inclusiveness.

Responsible Investing – UCF's Action and Accountability for Racial Equity

➤ **Investor Statement of Solidarity to Address Systemic Racism**

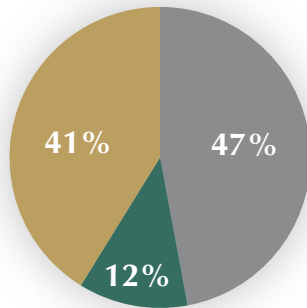
- ❑ Recognize that the investor community has contributed and benefited from racist systems
- ❑ Acknowledge the deep roots of structural racial inequity
- ❑ Denounce racist tactics and brutality by law enforcement
- ❑ Denounce the militarization of police that interfere with peaceful assembly

5 Calls to Action

1. Commit to actively engage with, amplify and include Black voices in investor spaces and company engagements.
2. Commit to embed a racial equity and justice lens into our organization.
3. Commit to Integrating racial justice into investment decision-making and engagement strategies.
4. Reinvest in communities of color.
5. Use investor voice to advance anti-racist public policy.

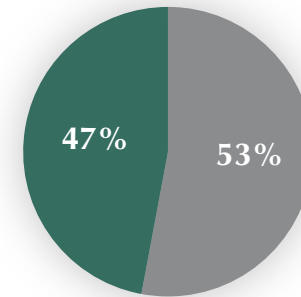
Responsible Investing – UCF Board and Investment Committee Diversity

Board: Race/Ethnicity



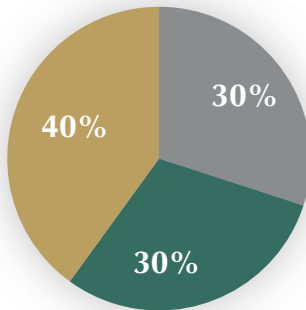
■ African-American ■ Asian-American ■ White

Board: Gender



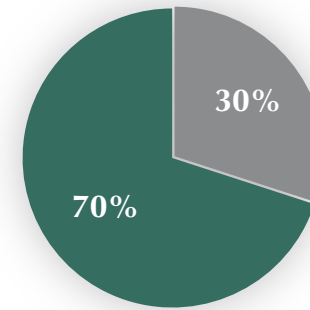
■ Female ■ Male

**Investment Committee:
Race/Ethnicity**



■ African-American ■ Asian-American ■ White

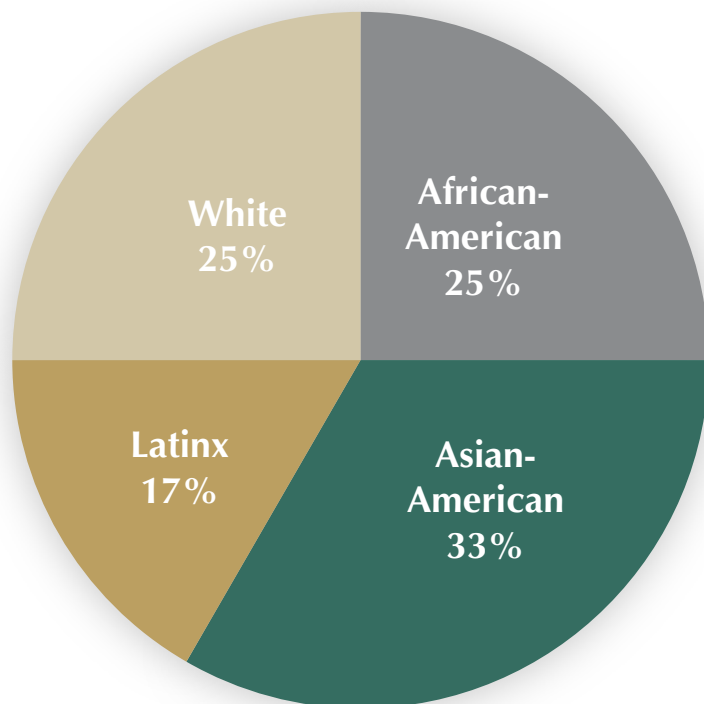
**Investment Committee:
Gender**



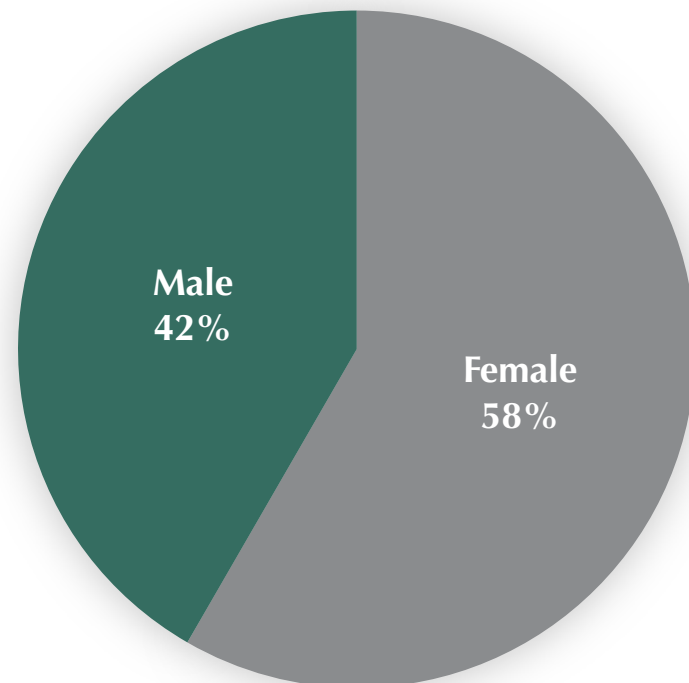
■ Female ■ Male

Responsible Investing – UCF Staff Diversity

Staff: Race/Ethnicity



Staff: Gender



Thank you!

United Church Funds appreciates the opportunity to share in and support the mission of your ministry.



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.

Q & A