

MARKET UPDATE TOWNHALL MEETING

SECOND QUARTER 2022

August 9, 2022



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.

Townhall Meeting Agenda

1. Welcome and Introductions Charles Buck, UCF President & CEO
2. UCF Organizational Updates Matt Wagner, VP, Institutional Relationships
3. Responsible Investing Updates Matthew Illian, Director of Responsible Investing
4. Market and Fund Updates Matt Wagner, VP, Institutional Relationships
Stacey Pettice, Executive, Institutional Relationships
UCF Investments Team
5. Q&A with Townhall Participants

United Church Funds — Organizational Updates Q2 2022

- UCF to Offer New, Enhanced Quarterly Account Statements and Client Portal
 - Communication and training for clients on the new platform will be available in the coming months, ahead of December 2022 launch date.
- UCF to Increase Manager Diversity
 - Due diligence on DEI efforts and reporting of existing managers on platform.
 - Search for investment managers of historically under-represented groups (HUGS), with focus on Black-owned or Black-managed.
- UCF to Resume In-Person Client Meetings in Q3 2022
 - First in-person UCF Board Meeting since 2019 scheduled for October 2022.
- UCC to Host “UCC Summit” September 19-21
 - Virtual event scheduled for September 19-21 brings clergy and lay leaders from around the denomination together to envision the Church in a post-pandemic world.

Poll Question

Responsible Investing

Investment that Creates a Just World for All



Responsible Investing: The ABCs of ESG

Q: What is ESG?

A: Factors/Business Practices that Historically Do Not Show Up on Financial Statements but Offer Material Insights



Environment

- Climate Emissions, Water Usage, Industrial Disasters

Social

- Employee Satisfaction, Supply Chain, Worker's Rights

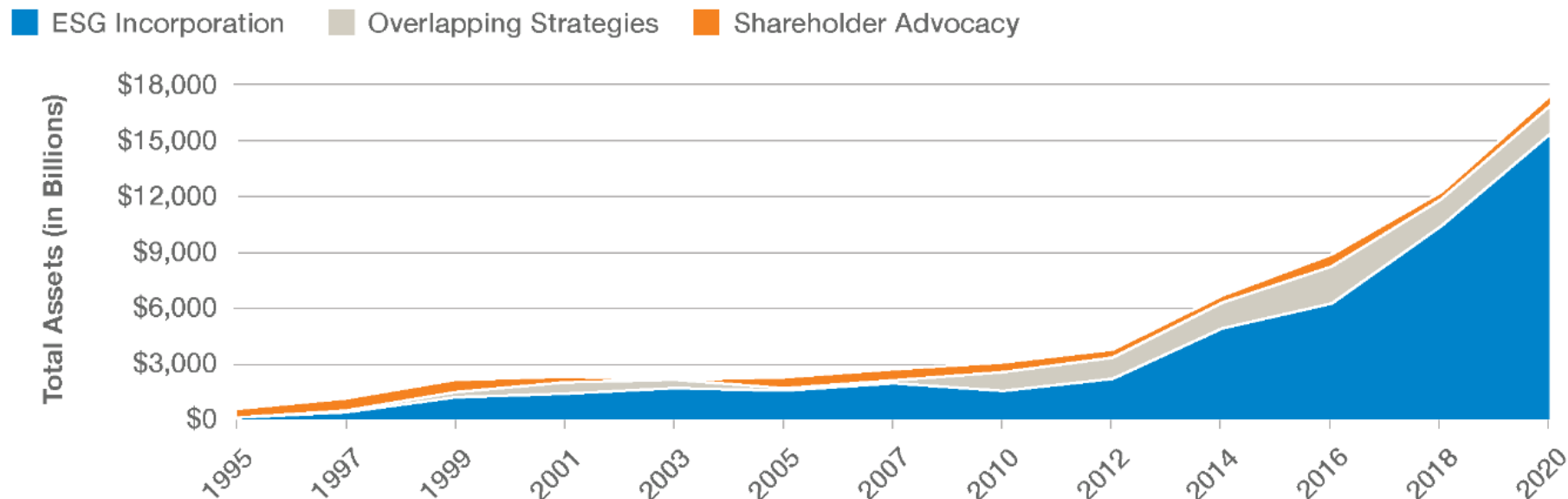
Governance

- Board of Directors Composition, Proxy Voting Practices

Note: ESG is not the same as Divestment.

Responsible Investing: Is the ESG Honeymoon Over?

Sustainable Investing in the United States 1995-2020

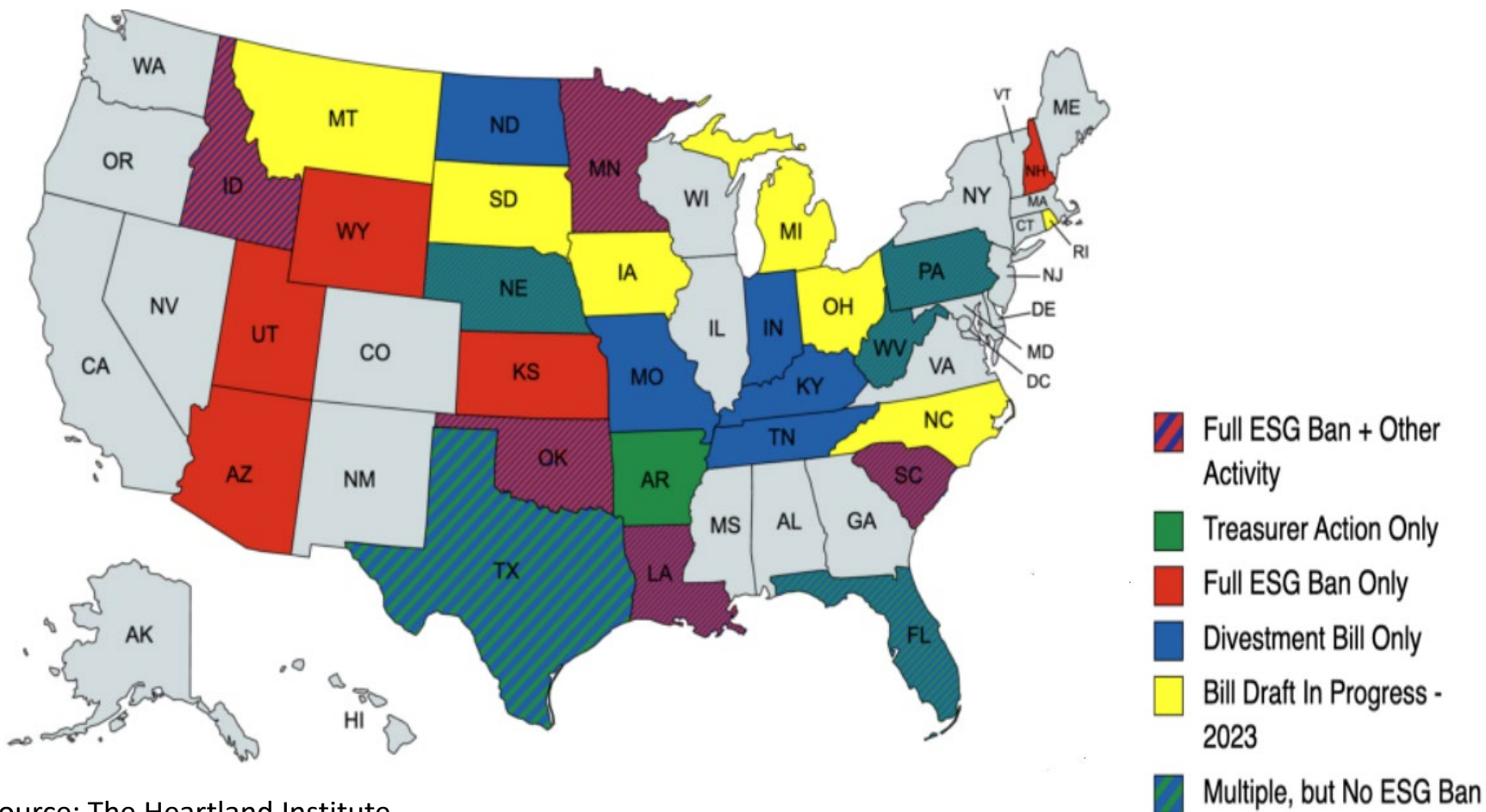


- Since 1995, when the US SIF Foundation first measured the size of the U.S. sustainable investment universe at \$639 billion, assets have increased more than 25-fold, a compound annual growth rate of 14%.

Source: US SIF Foundation

Responsible Investing: Is the ESG Honeymoon Over?

Anti-ESG Movement Grows At State Level



Source: The Heartland Institute

Responsible Investing: Is the ESG Honeymoon Over?

Conservative Media Pushes Back Against ESG



#tucker

Tucker Carlson on how the concept of ESG has destroyed Sri Lanka - 7/11/22

Responsible Investing: The SEC Takes on Greenwashing

SEC Unveils Rules to Prevent Misleading Claims and Enhance Disclosures by ESG Funds

- On May 25, SEC proposed two rule changes that would prevent misleading or deceptive claims by U.S. funds on their ESG qualifications and increase disclosure requirements for those funds.
- The proposals, which are subject to public feedback, come amid mounting concerns that some funds seeking to profit from rise in ESG investing practices have misled shareholders over what's in their holdings (aka greenwashing.)
- Proposals to tackle greenwashing come after SEC in March debuted broad rules that would require publicly traded companies to disclose how climate change risks affect their business.



Responsible Investing: ESG Performance

So How Are ESG Leaders Actually Performing?

INDEX PERFORMANCE – NET RETURNS (%) (JUN 30, 2022)

	1 Mo	3 Mo	1 Yr	YTD	ANNUALIZED			
					3 Yr	5 Yr	10 Yr	Since Sep 28, 2007
MSCI World ESG Leaders	-7.98	-15.81	-13.30	-21.05	7.65	8.12	9.70	5.21
MSCI World	-8.66	-16.19	-14.34	-20.51	7.00	7.67	9.51	5.11

- ESG factors have boosted performance on average for over 10+ years, though not every year.
- This dispels the myth that ESG leads to underperformance.

Source: MSCI Inc.

UCF Engages with Dollar General Over Employee Wages and Working Conditions



Gabby Bolden Shaw
Jefferson Parish Chapter Organizer



Interview With Gabby Bolden Shaw

Dollar General: Fighting for Workers' Rights

An interview with Gabby Bolden Shaw, Director of Labor Relations



UCF Engages with Dollar General Over Employee Wages and Working Conditions



Gabby Bolden Shaw
Jefferson Parish Chapter Organizer



Poll Question

Investment Performance — Themes

- **Global Markets Turn Negative After A Strong 2021:** Global equity and fixed income markets sold off in the half of 2022, reflecting concerns over rising inflation and interest rates, global macro-risks and a potential recession, among other factors. Fixed income returns had their poorest showing since 1982 in Q1, and the S&P 500 had its worst start to a year since 1970.
- **Global Economic Growth Slowing:** The economy accelerated in 2021 due to two engines – the world's largest economies re-opening and significant monetary and fiscal stimulus. Inflation will be a headwind going forward, as will rising interest rates. While wage and employment growth may create demand to keep the economy growing, we may face a recessionary climate in the coming months.
- **Significant Macro Risks Continue:** Russia's invasion of Ukraine has created significant macro instability, especially for Europe. Other risks include the emergence of a new covid variant, supply chain disruptions, inflation and growing income inequality.
- **Dynamic Allocations, Long-Term Strategy:** UCF continues to be vigilant about increased risks and potential opportunities from market volatility. UCF reduced equity exposure after a strong rebound in March 2022 and are underweight to fixed income, in addition to holding cash to deploy at a future opportunity. Balancing asset allocation decisions and manager selections remains an important part of a longer-term view of markets.

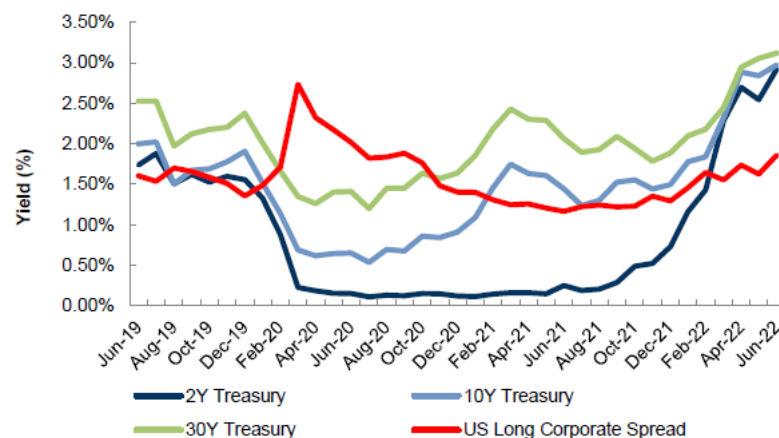
Investment Performance — Markets

Public Markets Performance (USD)

	Q2	CYTD	3 Yr	5 Yr	10 Yr
MSCI World	-16.2%	-20.5%	7.0%	7.7%	9.5%
ACWI IMI	-15.8%	-20.4%	6.0%	6.7%	8.7%
S&P 500	-16.1%	-20.0%	10.6%	11.3%	13.0%
Russell 1000	-16.7%	-20.9%	10.2%	11.0%	12.8%
MSCI EAFE	-14.5%	-19.6%	1.1%	2.2%	5.4%
Russell 2000	-17.3%	-23.6%	3.8%	4.8%	8.9%
MSCI World ex-US Small Cap	-17.9%	-23.9%	2.0%	2.2%	6.7%
MSCI EM Equity	-11.4%	-17.6%	0.6%	2.2%	3.1%
Barclays US Govt/Credit	-5.0%	-11.0%	-0.8%	1.0%	1.7%
Barclays Global Aggregate	-8.3%	-13.9%	-3.2%	-0.6%	0.1%
Barclays US Long Treasury	-11.9%	-21.2%	-2.9%	0.5%	1.6%
Barclays US Long Corporate	-12.8%	-22.7%	-2.3%	1.1%	3.3%
JPM EM Debt	-11.4%	-20.3%	-5.2%	-1.2%	2.2%
JPM EM Debt Local	-8.6%	-14.5%	-5.8%	-2.3%	-1.5%
Barclays Global High Yield	-11.9%	-16.9%	-2.6%	0.1%	3.6%
FTSE/NAREIT Global	-17.4%	-20.7%	-0.9%	2.1%	4.8%
GSCI Commodities	2.0%	35.8%	14.7%	11.7%	-1.8%

As of 30-June-2022. Source: MAS, Plot Tool. 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.**

Yields & Spreads (%)

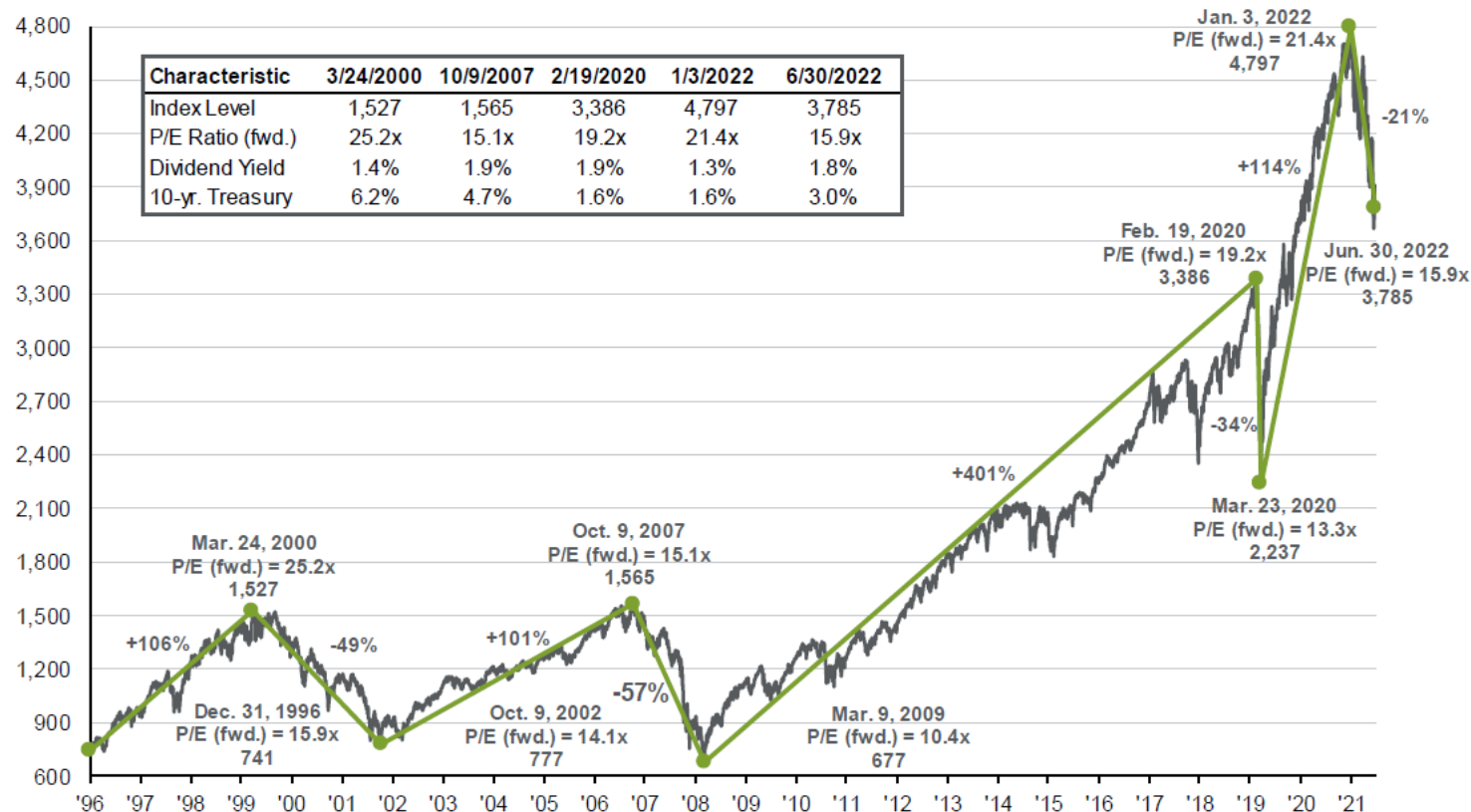


Changes in Yields and Spreads by Maturity (%)

	June 2022	Δ 1 mth	Δ 3 mth	Δ 1 yr
Risk Free				
2Y Treasury	2.92	0.38	0.64	2.67
10Y Treasury	2.97	0.13	0.65	1.53
30Y Treasury	3.12	0.07	0.67	1.06
US Long Corporate Spread	1.86	0.24	0.31	0.69
Moody's Long AA Corporate Yield	4.49	0.24	0.95	1.69

Strategy and Positioning — S&P 500 at Inflection Points

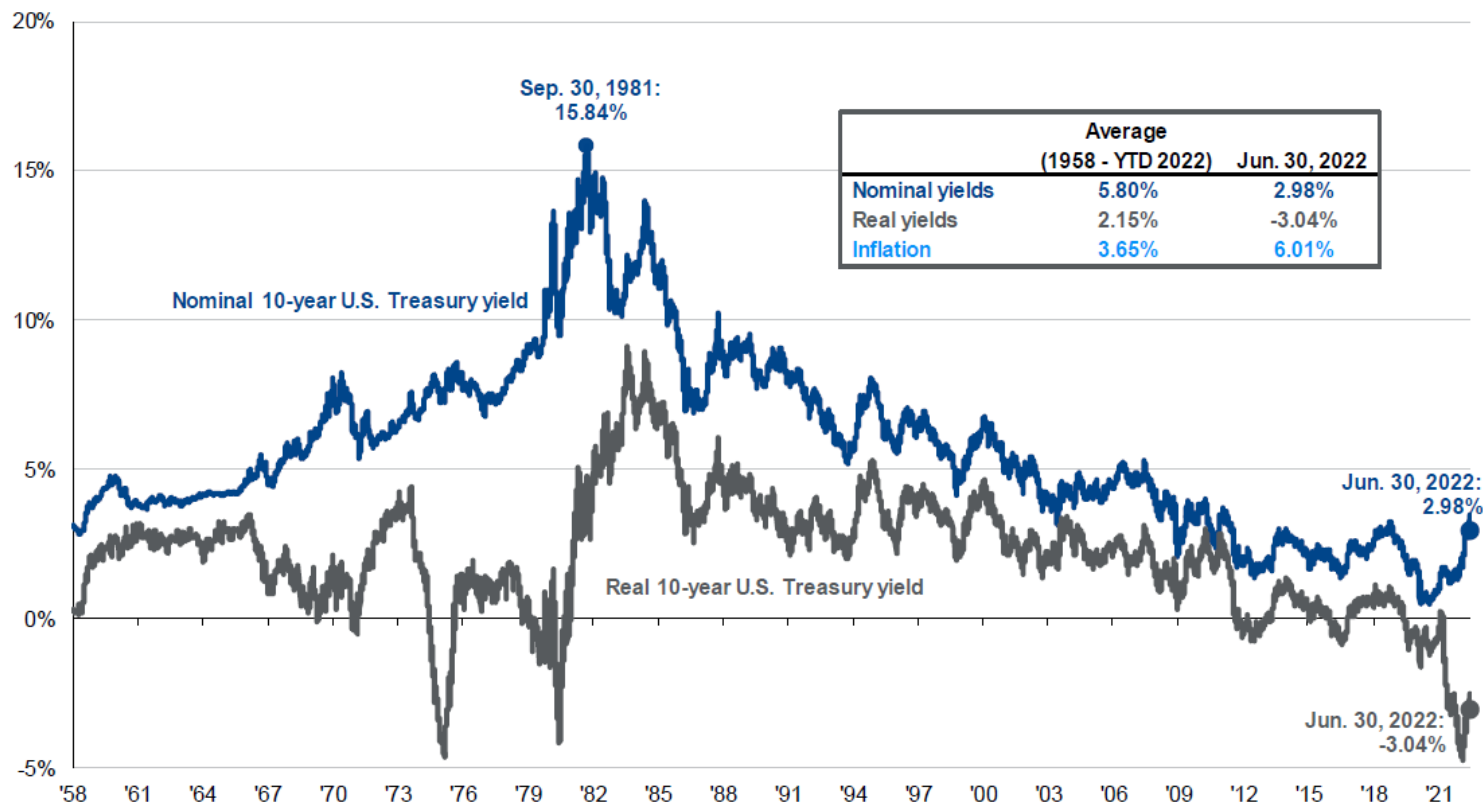
S&P 500 Price Index



- The S&P 500 has a long history of ebbs and flows, advances and corrections. After a 12-year bull cycle from 2009 to 2021, economic data, increasing inflation and other metrics suggest markets might be pricing in an economic recession. UCF remains on guard for that possibility.

Strategy and Positioning — Interest Rates and Inflation

Nominal and real U.S. 10-year Treasury yields

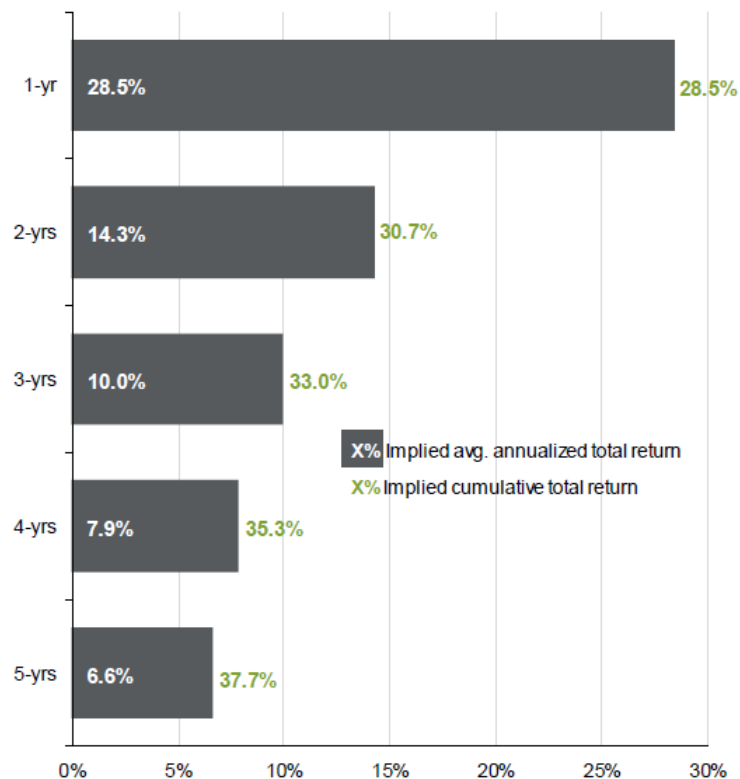


- Rising interest rates and rising inflation are connected data points that impact equity valuations and fixed income pricing. UCF believes that equities are the best hedge against inflation, and we have lowered fixed income weights in balanced funds to mitigate impacts of rising rates.

Strategy and Positioning — What Comes Next?

Return needed to reach January 2022 peak

Current S&P 500 peak is 4797



Bull and bear markets

Bull markets			Bear markets		
Bull begin date	Bull return	Duration (months)	Market peak	Bear return*	Duration (months)*
Jul 1926	152%	37	Sep 1929	-86%	32
Mar 1935	129%	23	Mar 1937	-60%	61
Apr 1942	158%	49	May 1946	-30%	36
Jun 1949	267%	85	Aug 1956	-22%	14
Oct 1960	39%	13	Dec 1961	-28%	6
Oct 1962	76%	39	Feb 1966	-22%	7
Oct 1966	48%	25	Nov 1968	-36%	17
May 1970	74%	31	Jan 1973	-48%	20
Mar 1978	62%	32	Nov 1980	-27%	20
Aug 1982	229%	60	Aug 1987	-34%	3
Oct 1990	417%	113	Mar 2000	-49%	30
Oct 2002	101%	60	Oct 2007	-57%	17
Mar 2009	401%	131	Feb 2020	-34%	1
Mar 2020	114%	21	Jan. 2022**	-24%	5
Averages	162%	51	-	-41%	20

- History tells us that periods of uptrends and downtrends do not last forever, and investors who try to time getting out of bear markets in equities may pay the price of not being invested for the rebound.

Thank you!

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



Q & A

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.

Investment Performance — Managed Funds as of June 30, 2022

	TOTAL RATES OF RETURN AS OF 6/30/22	Inception Date	Quarter	Year To Date	One Year	ANNUALIZED				Current Yield
	Returns on UCF's funds are presented net of fees					Two Years	Three Years	Five Years	Ten Years	
MANAGED FUNDS	Fixed Income Fund	10/1/1994	-5.43%	-10.52%	-11.02%	-5.23%	-1.36%	0.42%	1.07%	3.03%
	Fixed Income Policy Index 85% Barclays US Gov't/Credit Aggregate, 5% JPM GBI-EM Global Diversified, 10% S&P LSTA Performing Loan		-5.22%	-10.72%	-10.54%	-4.88%	-0.67%	1.15%	1.68%	
	Barclays Capital Gov't Credit Bond Index (BCGC)		-5.03%	-11.05%	-10.85%	-5.77%	-0.77%	1.05%	1.67%	
	Lipper Core Plus Fixed Income		-5.95%	-11.45%	-11.33%	0.00%	-0.77%	0.94%	1.84%	
	Domestic Core Equity Fund	10/1/2005	-16.29%	-19.95%	-10.80%	11.74%	8.87%	9.97%	12.11%	1.69%
	S&P 500 Index		-16.10%	-19.96%	-10.62%	12.18%	10.60%	11.31%	12.96%	
	Lipper Large Cap Core		-15.80%	-20.42%	-12.57%	0.00%	9.58%	10.54%	12.13%	
	Beyond Fossil Fuels Fund	11/3/2014	-15.86%	-20.60%	-15.24%	9.27%	6.02%	5.69%	N/A	3.47%
	S&P 500/MSCI ACWI IMI net, linked		-15.83%	-20.44%	-16.52%	8.47%	5.98%	6.70%		
	Lipper Global Equity		-14.69%	-20.45%	-16.02%	0.00%	4.85%	5.73%		
	Small Cap Equity Fund	10/1/2005	-17.02%	-23.12%	-22.81%	9.64%	6.05%	6.81%	9.98%	1.32%
	Russell 2000 Index		-17.20%	-23.43%	-25.20%	10.09%	4.21%	5.17%	9.35%	
	Lipper Small Cap Core		-14.65%	-19.08%	-15.19%	0.00%	5.92%	5.44%	9.35%	
	International Equity Fund	10/1/2005	-15.33%	-24.53%	-26.96%	1.09%	0.31%	1.39%	4.11%	3.28%
	MSCI ACWI ex US net/Custom Index, linked		-13.73%	-18.42%	-19.42%	4.58%	1.35%	2.50%	4.92%	
	Cash & Equivalent Fund		0.15%	0.16%	0.17%	0.11%	0.50%	0.97%	0.54%	N/A
	Lipper Money Market Funds Index		0.13%	0.15%	0.15%	0.09%	0.48%	0.91%		
	Lipper International Equity		-13.19%	-19.00%	-17.95%	0.00%	1.34%	1.91%	4.98%	
	Alternatives Fund	7/1/2010	2.44%	4.81%	8.05%	12.29%	8.87%	6.98%	6.21%	N/A
	Custom Index 70% HFRI Funds of Funds Composite Index, 30% NCREIF Fund Index		-2.87%	-2.65%	2.48%	8.65%	6.07%	5.42%	5.83%	

Investment Performance — Funds of Funds as of June 30, 2022

	TOTAL RATES OF RETURN AS OF 6/30/22				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 48.60% Domestic Core Equity, 12.20% Small Cap Equity and 39.20% International Equity	10/1/1994	-15.98%	-22.14%	-19.11%	4.79%	5.59%	8.08%	2.27%
	MSCI ACWI IMI net/Policy Index, linked		-15.83%	-20.44%	-16.52%	5.98%	6.70%	8.76%	
	Lipper Global Equity		-14.69%	-20.45%	-16.02%	4.85%	5.73%	8.14%	
	UCF Balanced Fund 59.70% Equity, 34.80% Fixed Income and 5.50% C&E	circa 1958	-11.69%	-17.29%	-15.39%	2.90%	3.78%	5.39%	2.41%
	Current Policy Index 60% MSCI ACWI IMI net, 40% Fixed Income Policy Index		-11.66%	-16.58%	-14.01%	3.61%	4.74%	6.09%	
	Lipper Mixed Asset Target Allocation UCF Balanced		-10.38%	-14.82%	-12.35%	3.41%	4.37%	5.81%	
	Beyond Fossil Fuels Balanced Fund 59.80% BFF, 35.00% Fixed Income and 5.20% C&E	11/3/2014	-11.59%	-16.33%	-12.70%	4.40%	4.37%	N/A	2.87%
	Current Policy Index 60% MSCI ACWI IMI net, 40% Fixed Income Policy Index		-11.66%	-16.58%	-14.01%	3.61%	4.74%		
	Lipper Mixed Asset Target Allocation UCF Balanced		-10.38%	-14.82%	-12.35%	3.41%	4.37%		
	Alternatives Balanced Fund 48.6% Equity, 16.6% Fixed Income, 32.7% Alternatives, 2.1% C&E	7/1/2010	-8.82%	-12.78%	-10.26%	4.79%	4.93%	6.00%	N/A
	Current Policy Index 50% MSCI ACWI IMI net, 30% Fixed Income Policy and 20% Alternatives Policy		-10.14%	-14.11%	-10.99%	4.29%	5.03%	6.26%	