

MARKET UPDATE TOWNHALL MEETING

FOURTH QUARTER 2022

February 9, 2023



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.

Turkey and Syria Earthquake Appeal

How to help:

1. Text [UCCDISASTER](#) to 41444
2. Mail check to United Church of Christ
[PO BOX 71957](#)
[Cleveland, OH 44194](#)
Noting “Turkey and Syria”
in the memo
3. Donate online through Global
H.O.P.E United Church of Christ
<https://bit.ly/globalhope>



Townhall Meeting Agenda

1. Welcome and Introductions Charles Buck, UCF President & CEO
2. UCF Organizational Updates Stacey Pettice, Executive, 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
Investment Team
5. Q&A with Townhall Participants

United Church Funds — Organizational Updates Q1 2023

- New client account portal, Innovue, launched and live
- 15 new clients and over \$45 million in missions and ministries funded in 2022
- Over 60% of domestic equities managed by diverse managers
- Resources on fiduciary responsibility, endowment governance and responsible investing

Poll Question

Responsible Investing

Investment that Creates a Just World for All



UCF – 2023 Shareholder Resolutions

United Church Funds is Calling For:



Employee Safety Independent Audit



Report on Low Wages



Enhanced Lobbying Disclosure



Enhanced Paid Sick Leave Benefits



Enhanced Lobbying Disclosure



Disclosure on Abortion
Access in Hospitals



Human Rights Impact
Assessment



Meta

Enhanced Lobbying Disclosure



Indigenous Human
Rights Impact Assessment



CHG Financing Reduction Strategy



Independent Report on Shifting
from Virgin to Recycled Plastics

UCF – Commitment to Diverse Managers

Our Commitment

Diverse Managers to Oversee at Least 60% of our Domestic Portfolio

Our Diverse Managers

 <p>Large Cap</p>	 <p>Small Cap</p>
 <p>Private Equity</p>	 <p>Private Equity</p>

Responsible Investing – Racial Justice



Racial Justice Initiative (RJI)

- Over 200 organizations have endorsed Racial Justice Investor Statement.
- “Continuous Learning” working group formed: “What would racially just capital markets look like?”

Poll Question

Investment Performance — Themes

- **Global Market Volatility Remains High:** Global equity and fixed income markets ended the quarter positive despite continued macro economic pressure and inter-month volatility, leaving markets less negative to end the year. Developed international markets led the quarter and the year.
- **Global Economic Growth Slowing:** Consensus estimate for global GDP growth in 2023 is 1.8%, with major economies either slowing down or expected to shrink. Many expect that a recession might be needed to address high inflation. On the other hand, the jobs market remains solid, especially in the U.S.
- **Macro Risks Remain at the Forefront:** Russia's continued war on Ukraine has created significant economic instability, particularly for Europe. Conversely, China's re-opening could become a positive contributor to global growth and markets. Macro factors such as inflation, interest rates and job growth remain key areas to watch.
- **Dynamic Allocations, Long-Term Strategy:** UCF continues to be vigilant about market risks and potential opportunities from market volatility. UCF has positioned balanced funds with a market weight to equities and approximately 3% allocation to cash to allow flexibility. Alternative asset classes have performed quite well during the year.

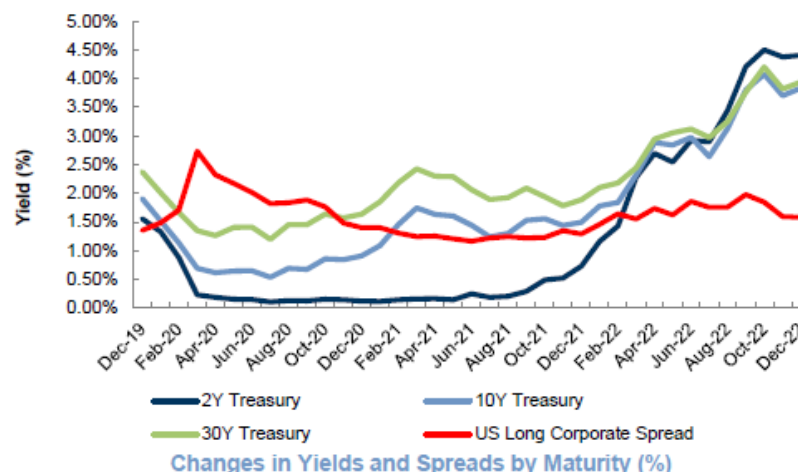
Investment Performance – Markets

Public Markets Performance (USD)

	Q4	2022	3 Yr	5 Yr	10 Yr
MSCI World	9.8%	-18.2%	4.9%	6.1%	8.9%
MSCI World ESG Leaders	10.2%	-19.6%	5.0%	6.4%	8.9%
ACWI IMI	9.8%	-18.4%	3.9%	5.0%	7.9%
S&P 500	7.6%	-18.1%	7.7%	9.4%	12.6%
Russell 1000	7.2%	-19.1%	7.4%	9.1%	12.4%
MSCI EAFE	17.3%	-14.5%	0.9%	1.5%	4.7%
Russell 2000	6.1%	-20.7%	2.7%	3.7%	8.6%
MSCI EM Equity	9.7%	-20.1%	-2.7%	-1.4%	1.4%
Barclays US Govt/Credit	1.8%	-13.6%	-2.6%	0.2%	1.2%
Barclays Global Aggregate	4.5%	-16.3%	-4.5%	-1.7%	-0.4%
Barclays US Long Treasury	-0.6%	-29.3%	-7.4%	-2.2%	0.6%
Barclays US Long Corporate	5.4%	-25.6%	-5.7%	-0.8%	2.2%
JPM EM Debt	8.1%	-17.8%	-5.3%	-1.3%	1.6%
JPM EM Debt Local	8.5%	-11.7%	-6.1%	-2.5%	-2.0%
Barclays Global High Yield	8.0%	-12.7%	-1.9%	0.4%	3.0%
FTSE/NAREIT Global	6.9%	-25.0%	-4.8%	0.0%	3.1%
GSCI Commodities	3.4%	26.0%	10.5%	6.5%	-3.3%

As of 31-December-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.

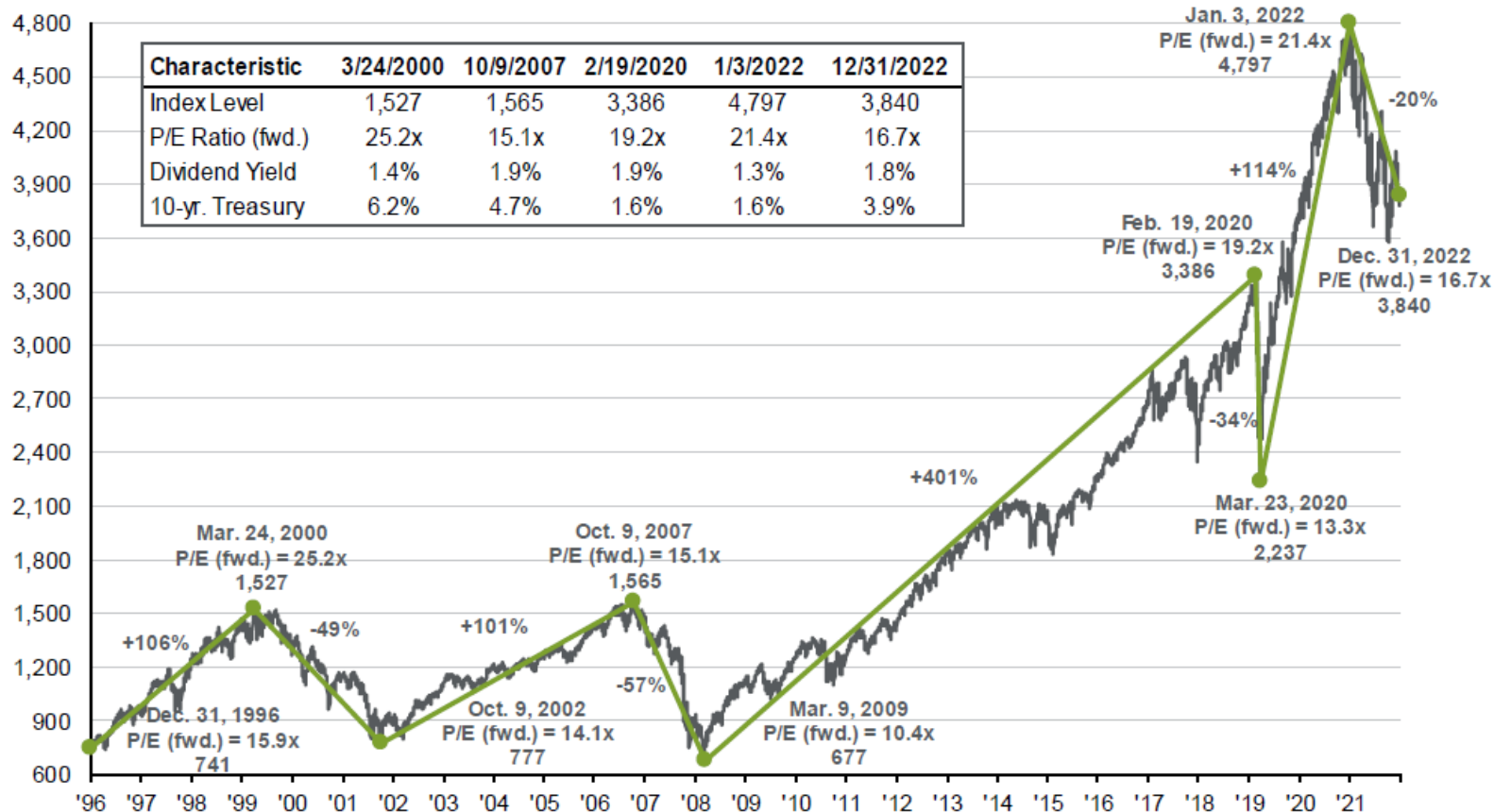
Yields & Spreads (%)



	Dec 2022	Δ MTD (%)	Δ QTD (%)	Δ YTD (%)
Risk Free				
2Y Treasury	4.41	0.03	0.20	3.68
10Y Treasury	3.84	0.14	0.03	2.34
30Y Treasury	3.94	0.12	0.18	2.05
US Long Corporate Spread	1.58	(0.01)	(0.40)	0.29
Moody's Long AA Corporate Yield	5.01	0.02	(0.18)	2.19

UCF – S&P 500 Comes Back to Earth

S&P 500 Price Index

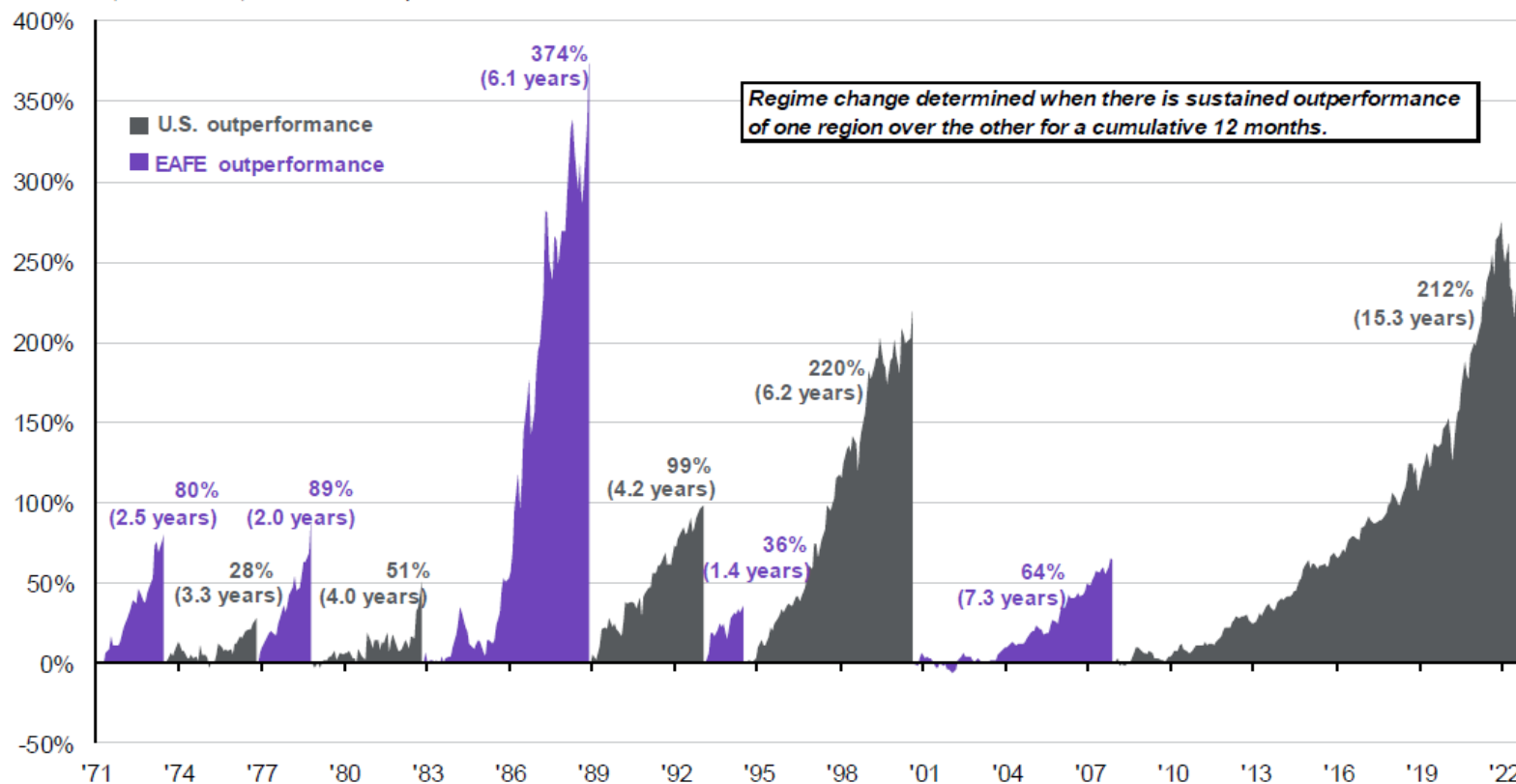


- After soaring to historic valuation heights, the S&P 500 is now valued around the 25-year average P/E ratio.

UCF – International Equities Could Outperform U.S.

MSCI EAFE and MSCI USA relative performance

U.S. dollar, total return, cumulative outperformance*

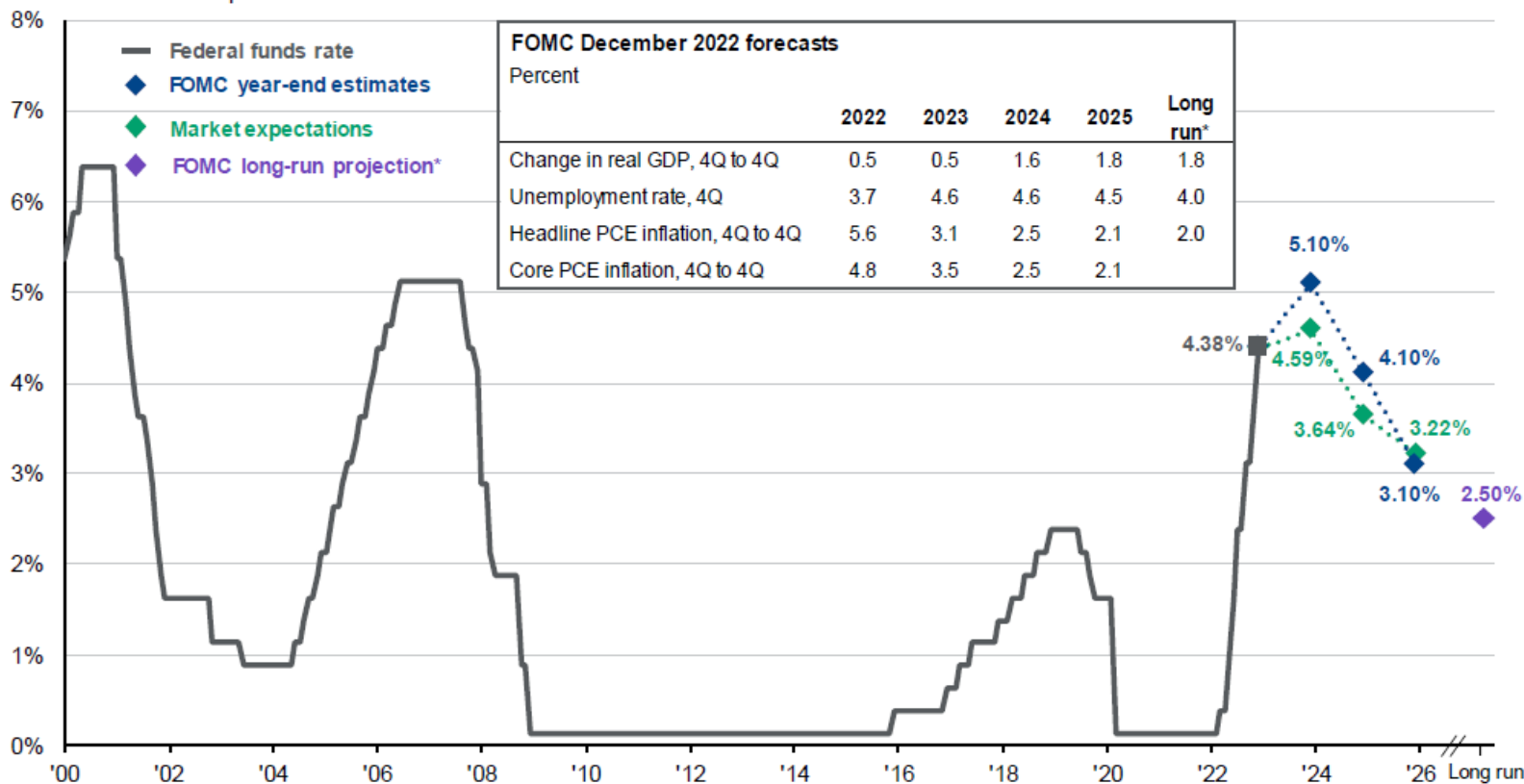


- History shows that International equities periodically outperform U.S. equities, and diversified equity strategies need to be prepared for that possibility.

UCF – Interest Rates on Priority Watch

Federal funds rate expectations

FOMC and market expectations for the federal funds rate



- Where rates go from here depends on wage and employment trends that suggest a slowing or growing economy.

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 December 31, 2022

	TOTAL RATES OF RETURN AS OF 12/31/22		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
MANAGED FUNDS	Fixed Income Fund	10/1/1994	1.62%	-12.99%	-12.99%	-2.97%	-0.43%	0.51%	3.57%
	Fixed Income Policy Index 85% Barclays US Gov't/Credit Aggregate, 5% JPM GBI-EM Global Diversified, 10% S&P LSTA Performing		2.21%	-12.38%	-12.38%	-2.17%	0.46%	1.26%	
	Lipper Core Plus Fixed Income		1.81%	-13.83%	-13.83%	-2.45%	0.10%	1.19%	
	Domestic Core Equity Fund	10/1/2005	6.94%	-18.76%	-18.76%	6.05%	7.85%	11.53%	1.75%
	S&P 500 Index		7.56%	-18.11%	-18.11%	7.66%	9.42%	12.56%	
	Lipper Large Cap Core		7.79%	-18.72%	-18.72%	7.02%	8.85%	11.73%	
	Beyond Fossil Fuels Fund	11/3/2014	10.03%	-18.27%	-18.27%	4.59%	4.22%	N/A	3.22%
	S&P 500/MSCI ACWI IMI net, linked		9.84%	-18.40%	-18.40%	3.89%	4.96%		
	Lipper Global Equity		11.29%	-17.76%	-17.76%	3.46%	4.45%		
	Small Cap Equity Fund	10/1/2005	6.84%	-20.66%	-20.66%	3.86%	5.65%	9.33%	1.23%
	Russell 2000 Index		6.23%	-20.44%	-20.44%	3.10%	4.13%	9.01%	
	Lipper Small Cap Core		9.81%	-14.92%	-14.92%	5.46%	4.80%	8.97%	
	International Equity Fund	10/1/2005	16.20%	-21.13%	-21.13%	-1.09%	0.23%	3.21%	3.30%
	MSCI ACWI ex US net/Custom Index, linked		14.28%	-16.00%	-16.00%	0.07%	0.88%	3.86%	
	Lipper International Equity		16.88%	-14.89%	-14.89%	0.62%	1.02%	4.10%	
	Alternatives Fund	7/1/2010	-2.33%	4.49%	4.49%	8.15%	6.04%	5.71%	N/A
	Custom Index 70% HFRI Funds of Funds Composite Index, 30% NCREIF Fund Index		1.25%	0.02%	0.02%	6.22%	5.10%	5.68%	

Investment Performance — Funds of Funds as of December 31, 2022

TOTAL RATES OF RETURN AS OF 12/31/22						ANNUALIZED			
<i>Returns on UCF's funds are presented net of fees</i>		<i>Inception Date</i>	Quarter	Year To Date	One Year	Three Years	Five Years	Ten Years	Current Yield
FUNDS OF FUNDS	Total Equity Fund								
	46.60% Domestic Core Equity, 12.50% Small Cap Equity and 40.90% International Equity	10/1/1994	10.50%	-19.86%	-19.86%	2.69%	4.03%	7.31%	2.32%
	MSCI ACWI IMI net/Policy Index, linked		9.84%	-18.40%	-18.40%	3.89%	4.96%	8.00%	
	Lipper Global Equity		11.29%	-17.76%	-17.76%	3.46%	4.45%	7.57%	
	UCF Balanced Fund	circa 1958	6.78%	-16.60%	-16.60%	1.03%	2.54%	4.74%	2.71%
	61.10% Equity, 36.10% Fixed Income and 2.80% C&E								
	Current Policy Index 60% MSCI ACWI IMI net, 40% Fixed Income Policy Index		6.82%	-15.80%	-15.80%	1.79%	3.46%	5.48%	
	Lipper Mixed Asset Target Allocation UCF Balanced		6.21%	-14.46%	-14.46%	1.99%	3.31%	5.34%	
	Beyond Fossil Fuels Balanced Fund	11/3/2014	6.52%	-15.77%	-15.77%	2.85%	3.15%	N/A	2.97%
	61.30% BFF, 35.80% Fixed Income and 2.90% C&E								
	Current Policy Index 60% MSCI ACWI IMI net, 40% Fixed Income Policy Index		6.82%	-15.80%	-15.80%	1.79%	3.46%		
	Lipper Mixed Asset Target Allocation UCF Balanced		6.21%	-14.46%	-14.46%	1.99%	3.31%		
	Alternatives Balanced Fund	7/1/2010	4.74%	-11.62%	-11.62%	3.22%	3.72%	5.42%	N/A
	49.7% Equity, 16.0% Fixed Income, 32.8% Alternatives, 1.5% C&E								
	Current Policy Index 50% MSCI ACWI IMI net, 30% Fixed Income Policy and 20% Alternatives Policy		5.87%	-12.83%	-12.83%	2.88%	3.95%	5.72%	