To say that 2022 was an eventful year would be an understatement. All through the year, we witnessed — and deeply felt — challenges that tested our patience, questioned our resolve and perhaps even shook our faith.

Globally, the Russian invasion of Ukraine not only displaced millions of people and disrupted world-wide food and fuel supplies but also heightened superpower tensions to levels not seen since the Cold War.

Domestically, a Supreme Court decision reversed Roe v. Wade, curtailing abortion rights in many parts of the country. Lawmakers steadfastly refused to effectively address gun violence, allowing mass shootings to continue unabated. Attacks on the environmental, social and governance (ESG) movement — even outright bans in some states on ESG investing — flew in the face of the reality of climate change. And inflation and interest rates soared to levels unseen since the 1980s, contributing to a weak economy, poor market performance and personal financial hardship.

Clearly, 2022 was not the best of times. But neither was it the worst. By year’s end, hopeful signs emerged, evidencing the simple truth that nothing stays the same. Of course, neither does it happen all by itself. In his 1963 “Letter from Birmingham Jail,” Martin Luther King, Jr. wrote that progress “comes through the tireless efforts of those willing to be co-workers with God.”

Like disciples crossing the Galilee with Jesus (Matthew 8:23–27), we will from time-to-time face winds and waves that challenge our resolve and paralyze us in fear. But in faith and out of partnership lies the courage needed to hold on, ride the waves and stay the course.

That’s our plan: to be your trusted partner and continue helping you live out your mission and our shared mission as co-workers with God.
INVESTING OVERVIEW

2022 HIGHLIGHTS AND ACHIEVEMENTS

TOTAL ASSETS UNDER THE MANAGEMENT: $900M

TOTAL NUMBER OF CLIENTS: 1,065

TOTAL MISSIONS AND MINISTRIES FUNDED: $54.6M

NEW ASSETS:
- $8.3M

CLIENT RETENTION RATE: 98%

BROWN ENDOWMENT SCHOLARSHIPS AND GRANTS:
- $263K

NUMBER OF NEW CLIENTS:
- 20

DIVERSE MANAGERS OVERSEEING AT LEAST 60% OF DOMESTIC PORTFOLIO:
- 4

NUMBER OF CLIENTS BASED ON CATEGORIES:
- 938 Churches
- 58 Conferences & Associations
- 4 College & Seminaries
- 6 National Ministries
- 27 Health and Welfare Ministries
- 32 Others
INVESTING TO CREATE A JUST WORLD

RESPONSIBLE INVESTING

ENVIRONMENTAL

Establish Climate Justice Task Force to:
- Update UCF’s climate justice commitments in corporate engagements and public policy.
- Update UCF’s climate justice commitments across all funds – with special focus on the Beyond Fossil Fuels funds.

Lead filer and co-filer in three climate-related shareholder resolutions:
- JPMorgan - calling for an end to new fossil fuel infrastructure financing.
- UPS and FedEx - calling on climate lobbying in alignment with the Paris Agreement.

FedEx agreed to update its lobbying report with added transparency and review trade associations for alignment with climate goals.

Photo caption: Matthew Illian, UCF Director of Responsible Investing, third from left, as a speaker at Responsible Investor USA 2022 annual conference focusing on sustainable business and finance issues in North America.

SOCIAL

Advancing Diversity, Equity and Inclusion
- Hired four new managers to meet commitment to increase the diversity of portfolio managers.
  - Xponance - Large Cap
  - Channing Capital - Small Cap
  - Auldbrass - Private Equity
  - Lumos - Private Equity

Advancing Workers’ Rights
- Partnered with the Interfaith Center for Corporate Responsibility (ICCR) and labor rights group StepUp Louisiana to allow local spokespersons to attend Dollar General annual shareholder meeting.

Advancing a Just Peace
- Screened out 28 companies from UCF’s portfolio due to ties to weapons manufacturing.
- Co-filed shareholder resolution at NVIDIA calling for third-party report of surveillance technology and artificial intelligence contributions to human rights harms.

GOVERNANCE

Lead filer in two shareholder resolutions and co-filer in one calling for corporate governance best practices
- Gilead - calling for an independent board chair (separate from CEO) to protect investor interests.
- Meta (Facebook) and Chevron - calling for enhanced disclosure on lobbying payments to trade associations and so-called dark money organizations.

NVIDIA agreed to create a human rights policy that addresses risks.

Chevron agreed to update its lobbying report with added transparency.

Advancing Reproductive Rights
- Sent letters to over 1000 legislators in 12 states* urging them not to support bills that would restrict access to abortion.
- Sent letters to over 200 companies in those states, urging them to use their influence with lawmakers to protect women’s reproductive rights.

* Alabama, Arizona, Florida, Idaho, Maryland, Missouri, Minnesota, Ohio, Oklahoma, Tennessee, West Virginia and Wisconsin.
INVESTING IN VOLATILE GLOBAL MARKETS
PORTFOLIO COMMENTARY
AND MARKET OUTLOOK

INVESTMENT REVIEW

Global markets were negative across the board, with an unusual and simultaneously challenging year for both stocks and bonds. The only broad asset class to buck these trends was commodities, including energy, which is not the favored category for responsible investors. Emerging markets equity (MSCI EM) was down -20.99% followed by U.S. equity markets (S&P 500) down -18.11% and then other developed equities markets (MSCI EAFE) down -14.5% in fixed income markets, bonds as represented by the Barclays Capital U.S. Government/Credit Index were down -1.58% in 2022. As a sign of volatility, the 1-year U.S. Treasury note yield went from -3.83% at the beginning of the year to 3.88% at the end of the year.

PERFORMANCE SUMMARY

The UCF Balanced Fund and Total Equity Fund ranked below their respective peer medians. The Beyond Fossil Fuels (BFF) Balanced Fund was slightly below peers but in line with the benchmark. The Alternatives Balanced Fund outperformed its benchmark.

UCF funded a new secondary private equity manager, Auldbraac Partners, and the UCF Investment Committee approved investment in Xponance’s screened S&P 500 Index strategy. Both organizations are Black-owned and managed.

EQUITY FUNDS

The Total Equity Fund returned -8.86% underperforming its benchmark by -14.6% net of fees. The International Equity and Small Cap Equity Funds returned -21.3% and -20.6% respectively underperforming their benchmarks by -5.3% and -0.22% net of fees. The Domestic Core Equity Fund returned -7.76% underperforming its benchmark by -0.65% net of fees. The weakness in the International Equity Fund was due to growth-oriented managers, as growth strategies significantly underperformed value strategies in 2022.

FIXED INCOME FUND

The Fixed Income Fund trailed its benchmark -1.99% vs. -1.38% which can partially be attributed to significant yield volatility.

BALANCED FUNDS

The BFF Balanced Fund’s performance was in line with its benchmark. The UCF Balanced Fund was below its benchmark and peers. Returns ranged from -1.77% for the BFF Balanced Fund to -1.68% for the UCF Balanced Fund.

ALTERNATIVES BALANCED FUND

The Alternatives Balanced Fund outperformed its benchmark and peers, with a return of -13.2% net of fees. Most of the alternative managers had both positive absolute and relative performance to their respective indices.

MARKET OUTLOOK

The valuation gap between the U.S. market and both international developed and emerging markets remains wide. As a result, as we monitor our asset allocation, we expect to strategically continue allocating to international markets, as appropriate, to benefit from diversification over the longer term.

UCF’s focus on sustainability not only helps create a just world but is essential for managing risk and providing competitive fund performance.

UCF has engaged the Pension Boards – United Church of Christ, Inc., on Affiliated Financial Ministry of the United Church of Christ, to provide investment management services.

A CAREFUL SEARCH YIELDS A TRUSTED PARTNER
FOR THE ILLINOIS SOUTH CONFERENCE

At the Illinois South Conference of the United Church of Christ (ISUCCC), when we think about stewarding our financing, our mission is not just about profit, instead, we think about what we’ve been entrusted with and how we can use our God-given gifts to create positive impacts.

In 2021, our board commissioned our financial ministry team to do a thorough search for a financial partner. We created a matrix to grow our financial resources and, at the same time, wanted to find a financial partner that reflected our values: diversity and equity in leadership and social and racial justice that includes women, people of color and the LGBTQ community.

We met with seven asset managers, and at the end of the process, it was clear that UCF was the best fit – not just because we were already familiar with UCF and its affiliation with the UCC, but because our due diligence led us to UCF. UCF’s competitive investment performance, responsible investing strategies that align with our core values and top-tier customer service are the added values UCF offers. We truly wanted a partner with our core values and top-tier customer service.

We truly wanted a partner with our

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INVESTING FOR THE LONG-TERM

SELECTED FUND PERFORMANCE

Fixed Income Fund

- Lipper Core Plus Fixed Income
- Barclays US Gov't/Credit Aggregate
- Barclays US Gov't/Credit Aggregate
- JPM GBI-EM Global Diversified
- S&P LSTA Performing Loan

Total Equity Fund

- MSCI ACWI IMI net/Policy Index, linked
- MSCI ACWI IMI net/Policy Index, linked
- MSCI ACWI IMI net/Policy Index, linked
- MSCI ACWI IMI net/Policy Index, linked
- MSCI ACWI IMI net/Policy Index, linked

Beyond Foil Fuel Fuels Fund

- S&P 500/MSCI ACWI IMI net, linked
- S&P 500/MSCI ACWI IMI net, linked
- S&P 500/MSCI ACWI IMI net, linked
- S&P 500/MSCI ACWI IMI net, linked
- S&P 500/MSCI ACWI IMI net, linked

UCF Balanced Fund

- Current Policy Index
- MSCI ACWI IMI net, linked
- MSCI ACWI IMI net, linked
- MSCI ACWI IMI net, linked
- MSCI ACWI IMI net, linked

SELECTED FINANCIAL INFORMATION

ASSETS

<table>
<thead>
<tr>
<th>2022 Unaudited</th>
<th>2021 Audited</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investments</td>
<td>$894,680,000</td>
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<tr>
<td>Other Assets</td>
<td>$34,496,000</td>
</tr>
<tr>
<td>Total</td>
<td>$929,176,000</td>
</tr>
</tbody>
</table>

LIABILITIES

| Common Investment Funds | $825,493,000 | $1,000,450,000 |
| Endowments, Split-Interest Agreements & Other | $93,582,000 | $24,994,000 |
| Total | $919,075,000 | $1,125,444,000 |

NET ASSETS

| 2022 Unaudited | $10,101,000 |
| 2021 Audited | $12,935,000 |

UCF is primarily comprised of client assets under management in the Common Investment Fund (CIF), endowments entrusted to UCF, and obligations under split-interest agreements for the UCC Planned Giving Program. Legacy UCC endowments include the Pilgrim Memorial Fund and the Richard and Helen Brown Endowment Fund restricted for Pastoral Scholarships. UCF also participates in a Securities Lending program through its custodian, Bank of New York Mellon. The CIF and the Securities Lending Program are reported as an asset and liability on the UCF consolidated financial statements.

UCF maintains its 98% client retention rate while accepting approximately $15.3 million of new and additional assets invested. UCF’s investment strategy continued to uphold the values of the UCC as expressed by its churches, organizations and missions acting in concert with General Synod resolutions while seeking optimal performance. UCF remains dedicated to supporting its mission by deepening client relationships, identifying and securing new clients who share these goals, and controlling costs and generating revenue—all to the end of creating a just world for all.
LEADERSHIP

STAFF
The Rev. Dr. Charles C. Buck
President & CEO

Mr. Matthew W. Wagner, AIF
Vice President, Institutional Relationships

Ms. Karen Sherman-Chang, CPA
Director, Finance & Administration

Mr. Matthew Illian, CFP
Director, Responsible Investing

Ms. Stacey Pettice
Executive, Institutional Relationships

Ms. Milagros Hernandez
Client Services Team Leader & Planned Giving Associate

Ms. Crysta Seelal
Client Services Representative

Ms. Deborah Cho
Senior Accountant

Ms. Michele Hamilton
Staff Accountant

Mr. Adam Sank
Associate, Communications & Administration

Ms. Debbie Wibowo
Associate, Marketing & Communications

Ms. Harsha Mirchandani
Administrative Assistant, Client Services

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Conference Minister
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Assistant Professor of Finance
Shidler College of Business, University of Hawai‘i at Mānoa, Honolulu, Hawai‘i

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Managing Director
Client Engagement & Sustainability, Xponance, Philadelphia, Pennsylvania

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Superior Court of the District of Columbia, Washington, D.C.

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Fredrikson & Byron, PA, Des Moines, Iowa

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United Church of Christ, Cleveland, Ohio

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United Church of Chapel Hill, Chapel Hill, North Carolina

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Pilgrim Firs Camp & Conference Center, Port Orchard, Washington

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Ms. Darlene Y. Sowell
President & CEO
Unleashing Potential, St. Louis, Missouri

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Chief Executive Officer
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Staff Accountant

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Associate, Communications & Administration

Ms. Debbie Wibowo
Associate, Marketing & Communications

Ms. Harsha Mirchandani
Administrative Assistant, Client Services

COMMITMENT TO DIVERSITY

BOARD

RACE/ETHNICITY

7 African/American
1 Asian/American
9 European/American

GENDER

7 Female
3 Male

MINISTERIAL STANDING

1 Layperson
7 Clergy

STAFF

RACE/ETHNICITY

4 African/American
3 Asian/American
1 Latinx
3 White

GENDER

8 Female
4 Male
INVESTING WITH A MISSION: PERFORMANCE BEYOND THE NUMBERS