



FIDUCIARY FOCUS, DECEMBER 2024

POST-ELECTION REFLECTIONS: SO NOW WHAT?

By Matt Wagner, Vice President, Institutional Relationships

With the U.S. elections over and a new administration taking office on January 20, 2025, U.S. and global investors have turned their focus to what comes next. What will be the potential impact the new administration will have on global financial markets?

Key considerations include changes in regulations affecting the energy sector, evolving priorities in corporate leadership regarding diversity and inclusion, updates to labor policies, and the introduction of economic tariffs, among other developments.

At United Church Funds (UCF), we have fielded these questions from many of our clients, who are concerned about how a second Trump administration will impact their portfolios.

So now what? To try to answer that question and support our investors, we have outlined some key principles and reminders to help navigate the investment landscape during this period of change.

These principles serve as reminders of our shared commitment to creating a more equitable and just world for all through sustainable and responsible investing:

Time Horizon – Understanding your investment portfolio’s time horizon is the first step in identifying the appropriate level of risk an investor can prudently take when building an investment strategy. Generally speaking, and within reason, a longer time horizon corresponds with an overweight to higher-returning equity asset classes. In comparison, shorter-time horizons may benefit from less risky asset classes, such as fixed income or cash. If your investments’ time horizon remains the same pre- and post-election, your strategy should also remain consistent.

Diversification – Investment assets earmarked for the perpetual (long-term) benefit of a faith-based organization’s missions or ministries can benefit from sticking to an appropriately diversified investment strategy, including a balance of equity and fixed income, and for more sophisticated investors, alternative asset classes.

Diversification strategies can be further refined by industry, company size, global geography, credit quality and other factors. UCF's balanced funds offer built-in diversification and professional oversight to weather shorter-term volatility and keep goals consistent with a long-term approach.

Values – Institutional investors have a fiduciary obligation to integrate their values into their portfolios. Changes in government shouldn't change our core values as faith-based investors, which drive our commitments to social and racial equity, climate justice, economic sustainability and other goals. In the coming years, the right to incorporate ESG (environmental, social and governance) and other values-aligned investing considerations will be even more important. At UCF, we remain leaders in this cause.

Stewardship – UCF clients benefit from a comprehensive approach to responsible investing, ensuring that dollars invested with UCF are actively working to create a more just and equitable society and world for current and future generations. As a shareholder, UCF's corporate engagement work and shareholder advocacy hold companies accountable for the decisions they make today related to climate care, worker's rights and social justice. Our divestment screens further ensure that invested dollars aren't benefiting from profits antithetical to our values as faith-based investors.

Lastly, UCF partners with investment managers who share our commitments to diversity, equity and inclusion. If you are concerned that decisions and policies by the next administration would be contrary to your values, UCF's multi-pronged approach to values-aligned investing provides you with a platform to engage in shareholder activism.

As we enter the Advent season, we are reminded of the abiding promises of hope, peace, joy and love embodied by a baby in a manger and a star over Bethlehem. May these values help guide the way we care for our neighbors, align our missions and ministries and prudently invest for a more equitable and sustainable future.

As always, the UCF team is grateful to be your partner in responsible investing, and you can reach out to our team directly with questions or to schedule a portfolio review by sending an email to info@ucfunds.org or matt.wagner@ucfunds.org.

Wishing you a very Merry Christmas!



Matt Wagner
Vice President, Institutional Relationships