



**United Church Funds**  
Investing Together for a Sustainable World

# Client Town Hall Meeting

## Second Quarter 2025

May 15, 2025



# United Church Funds (UCF) – Overview

## Investing Together for a Sustainable Future

- ✓ Trusted investment provider to 1,200 local churches, religious judicatories and faith-based non-profits, with over \$1.2 billion in assets under management.
- ✓ Experienced non-profit partner to fiduciaries in the development, management and governance of endowments.
- ✓ Recognized leader in responsible investing strategies aligned with the United Church of Christ and like-minded progressive Christians.



# Poll Question

# Welcome!

## Town Hall Meeting Agenda

- **Welcome and Introduction** Noah Tabor, *General Counsel*
- **UCF Organizational Updates** Kelsey Rose, *Associate, Institutional Relationships*
- **Responsible Investing Updates** Matthew Illian, *Director of Responsible Investing*
- **Market and Fund Updates** Stacey Pettice, *Executive, Institutional Relationships*  
Matt Wagner, *Vice President, Institutional Relationships*
- **Q&A with Townhall Participants** Lan Cai, *Investments Team*  
Minoti Dhanaraj, *Investments Team*

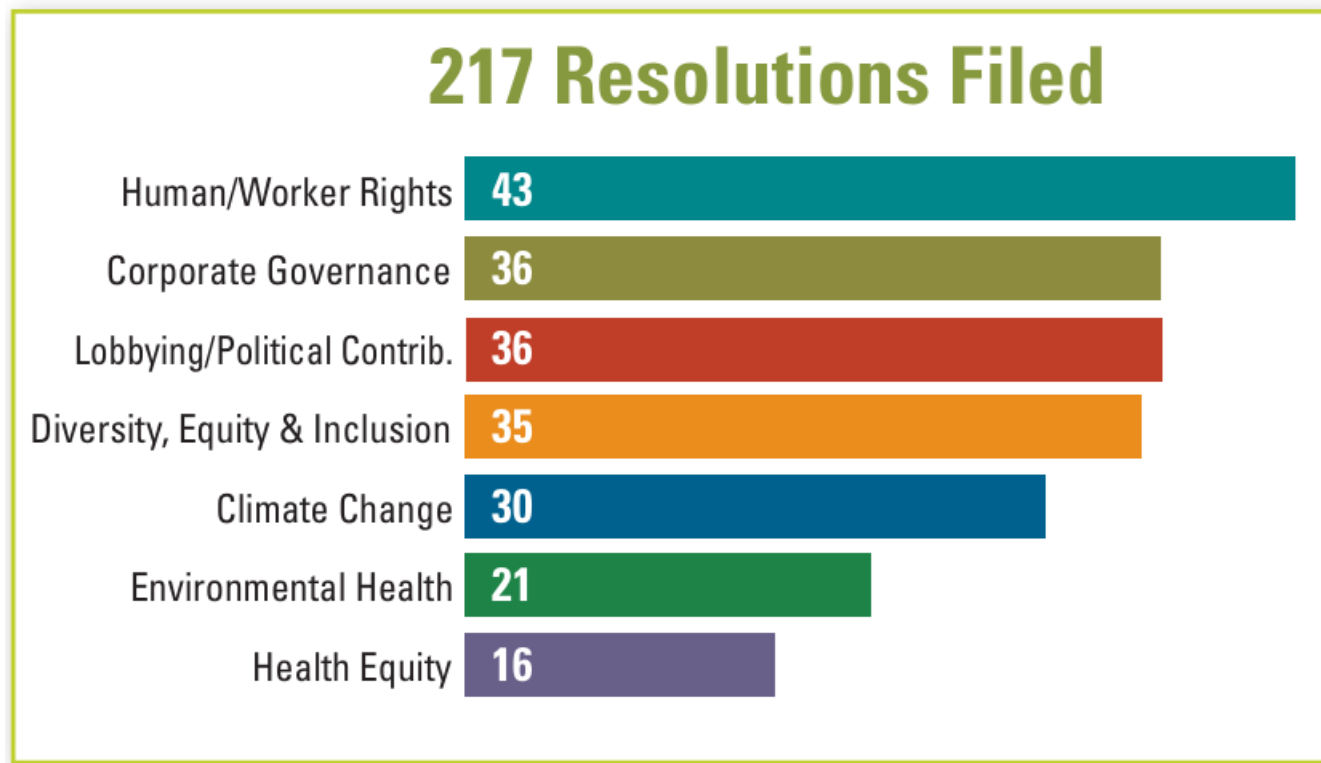
# Organizational Updates – Q2 2025

- UCF Announces Lan Cai as new Chief Investment Strategist and Minoti Dhanaraj as new Senior Investment Strategist and welcomes Vanessa Wong as new Investment Strategist. Read their bios [HERE](#).
- UCF Releases Ep. 8 of the “Just Investing” Podcast, with special guest Marita Canedo! Listen [HERE](#).
- Q125 Fund Fact Sheets are now available! You can view and download them [HERE](#).
- UCF is attending UCC General Synod 35 in Kansas City, Missouri July 11-15. Come find UCF’s booth in the exhibit area and attend one of our workshops!



# Responsible Investing

# Responsible Investing – 2025 ICCR Shareholder Resolutions



Source: [ICCR 2025 Proxy Resolutions & Voting Guide](#)

# Responsible Investing – 2025 UCF Shareholder Resolutions

## United Church Funds is Calling For:

**J.P.Morgan**

Enhanced  
Recognition of  
Indigenous Rights\*

**DOLLAR  
GENERAL**

Human Rights  
Policy

 **MOLINA**  
HEALTHCARE

Enhanced  
Lobbying  
Disclosure\*

 **International  
Paper**

Enhanced  
Lobbying  
Disclosure\*

 **citibank**

Enhanced  
Recognition of  
Indigenous Rights

 **labcorp**

Enhanced  
Lobbying  
Disclosure\*

 **workday.**

Enhanced  
Lobbying  
Disclosure\*



\*Withdrawn for agreement to  
provide requested disclosure.



# Responsible Investing – JP Morgan Agrees to Uphold Indigenous Rights



- UCF Filed 2025 Resolution Calling on J.P. Morgan to evaluate effectiveness of company's policies in respecting rights of Indigenous Peoples.
- After multiple dialogues over several months, J.P. Morgan has agreed to include new disclosures in its proxy supplement related to Nature and Social (N&S) policies.
- The company affirms it will consider a range of internationally recognized principles when assessing risks related to Indigenous Peoples – an approach further outlined in the company's updated 2025 Human Rights Statement.

# Responsible Investing – UCF's Investment in Green Bonds



UCF Investment: \$200K



- 4,800 rooftop solar systems
- 39 megawatts renewable energy credits annually
- 50% in vulnerable communities



UCF Investment: \$400K

Supporting electronic vehicle and battery production to reduce emissions while fostering innovation and job creation in the green economy



European Investment Bank

UCF Investment: \$2.5M

- First green bond issuer (2007)
- Supporting projects that reduce emissions across sectors
- Greenhouse gas emissions prevented at rate of 206 tons for every million dollars invested (2023)



WORLD BANK GROUP

UCF Investment: \$4M

- 2 million children provided access to clean water in schools



## \$100+ Million

total in green bonds at the end of 2024

### INVESTMENT FOCUS AREAS



Accelerating Green Energy Adoption



Reducing Emissions



Accelerating the Shift to Electric Vehicles



Ensuring Access to Clean Water

For more information on UCF's green bonds, click [here](#).

# Responsible Investing – UCF's Investment in Blue Bonds

## BLUE BONDS

Financing projects that support the health of oceans, freshwater resources and marine ecosystems.



Galápagos  
life fund

**UCF Investment: \$250K**

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- Supports sustainable fishing practices
- Helps Ecuador meet European Union standards



For more information on UCF's blue bonds, click [here](#).

# Poll Question

# Investment Performance and Strategy & Positioning

# Market Themes – Q1 2025 Take-Aways

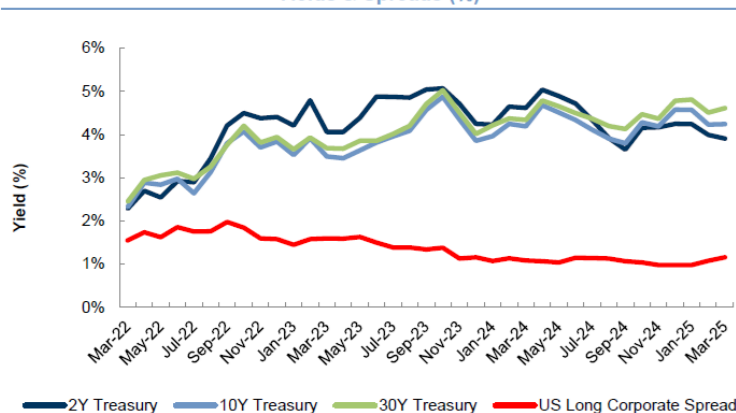
- **Mag 7 Became Lag 7:** After two years of the Magnificent 7's outsized earnings growth leading U.S. equity market returns, concerns over AI CAPEX sustainability and earnings potential have led to a reduction in concentration.
- **Markets Favored Value vs. Growth Stocks:** With stretched valuations, policy and economic uncertainty, investor interest moved to value and defensive sectors from cyclical growth.
- **International Equities Rallied:** International markets had strong performance in the first quarter, as European equities benefited from increased government spending. Emerging markets were bolstered by China's AI advances, and the U.S. dollar weakened.
- **Fixed Income Provides Diversified Returns:** High quality fixed income led markets in the quarter, as investors looked for stability.
- **Escalating Policy Uncertainty:** Aggressive tariff policies have increased uncertainty in Q1 and Q2 2025. Market volatility surged not only in the equities, but also in interest rates, commodities and currencies.
- **Dynamic and Diversified Allocations:** We continue to remain diversified across asset classes and long-term focused with a lens of sustainability, while being cycle-aware.

# Investment Performance – Markets as of March 31, 2025

Public Markets Performance (USD)

	Q1	2024	3 Yr	5 Yr	10 Yr
MSCI World	-1.8%	18.7%	7.6%	16.1%	9.5%
MSCI World ESG Leaders	-4.0%	17.3%	6.6%	15.3%	9.2%
ACWI IMI	-1.6%	16.4%	6.3%	15.0%	9.0%
S&P 500	-4.3%	25.0%	9.1%	18.6%	13.1%
Russell 1000	-4.5%	24.5%	8.7%	18.5%	12.9%
MSCI EAFE	6.9%	3.8%	6.1%	11.8%	5.2%
Russell 2000	-9.6%	11.1%	0.1%	12.8%	7.4%
MSCI EM Equity	2.9%	7.5%	1.4%	8.0%	3.6%
Barclays US Govt/Credit	2.7%	1.2%	0.4%	-0.3%	1.5%
Barclays Global Aggregate	2.6%	-1.7%	-1.6%	-1.4%	0.1%
Barclays US Long Treasury	4.7%	-6.4%	-7.2%	-7.9%	-0.6%
Barclays US Long Corporate	2.4%	-2.0%	-2.2%	-0.5%	2.2%
JPM EM Debt	2.2%	6.5%	3.4%	3.5%	3.1%
JPM EM Debt Local	4.3%	-2.4%	2.7%	2.3%	0.4%
Barclays Global High Yield	1.8%	9.2%	5.5%	7.1%	4.5%
FTSE/NAREIT Global	1.6%	1.1%	-4.1%	6.4%	2.4%
GSCI Commodities	4.9%	9.3%	1.3%	20.7%	1.2%

Yields & Spreads (%)



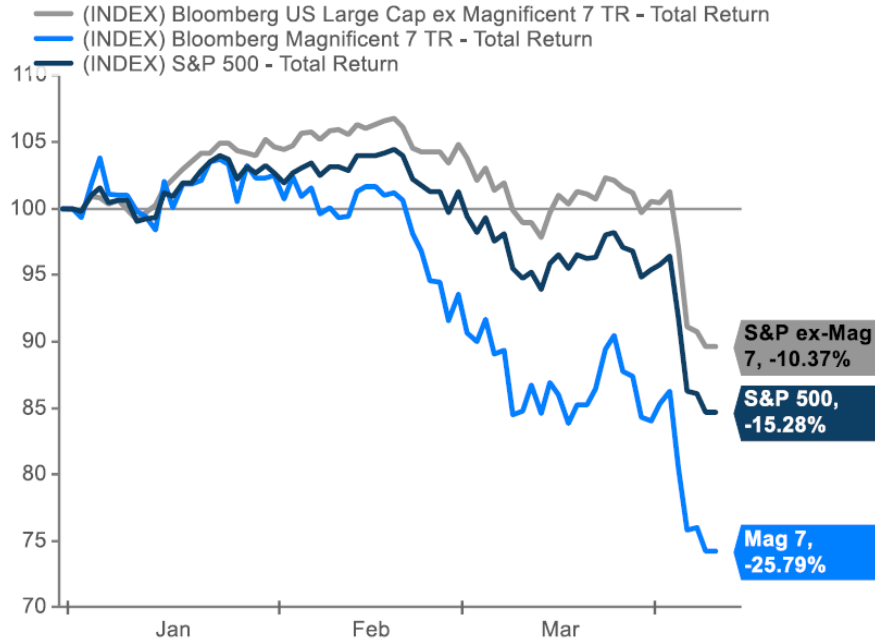
Changes in Yields and Spreads by Maturity (%)

	Mar 2025 (%)	Δ MTD (%)	Δ QTD (%)	Δ YTD (%)
<b>Risk Free</b>				
2Y Treasury	3.91	(0.08)	(0.34)	(0.34)
10Y Treasury	4.24	0.02	(0.33)	(0.33)
30Y Treasury	4.61	0.10	(0.17)	(0.17)
<b>US Long Corporate Yield</b>	5.72	0.15	(0.08)	(0.08)
<b>US Long Corporate Spread</b>	1.16	0.07	0.18	0.18

As of 31-March-2025. 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.**

# Strategy & Positioning – Mag 7 Becomes Lag 7

## Magnificent 7 Leaders Become Laggards in Q1



Source: FactSet as of 4/9/2025

- Excluding the Magnificent 7, the S&P 500 was slightly positive in the quarter.

## Mega-Cap Tech Becomes a Source of Funds

	YTD Returns	% Drawdown from 52-wk Highs
<b>Mag 7</b>		
TSLA	-45.1%	-55%
NVDA	-28.3%	-37%
AAPL	-31.1%	-34%
GOOGL	-23.5%	-30%
AMZN	-22.2%	-30%
MSFT	-15.7%	-24%
META	-12.7%	-31%
<b>SPX</b>	<b>-15.3%</b>	<b>-19%</b>

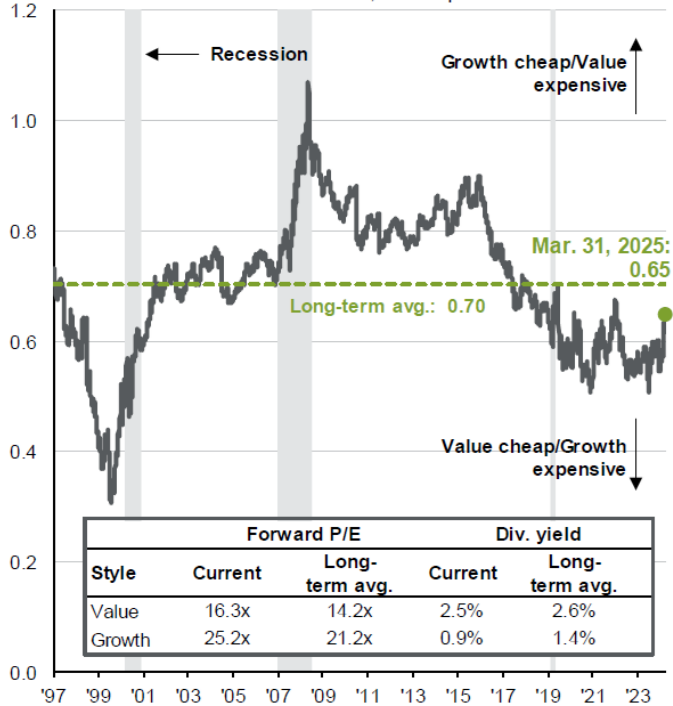
Source: Westfield, FactSet, as of 4/8/2025



# Strategy & Positioning – Value vs. Growth

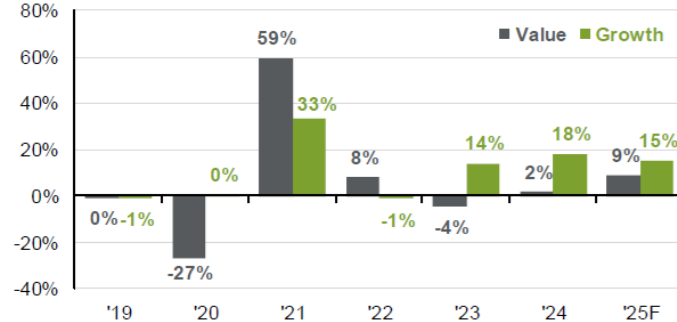
## Value vs. Growth relative valuations

Rel. fwd. P/E ratio of Value vs. Growth, 1997 - present



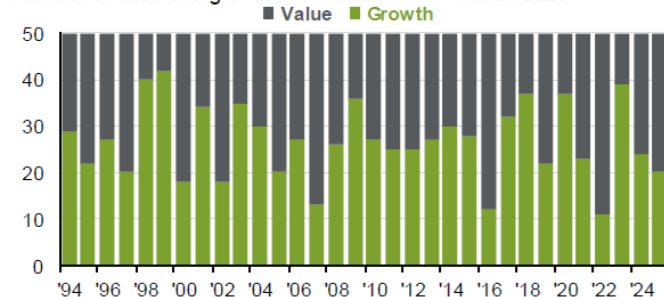
## Earnings growth

Pro forma EPS, year-over-year



## Top 50 performing companies in the S&P 500

Number of value and growth companies, 1994 - March 2025

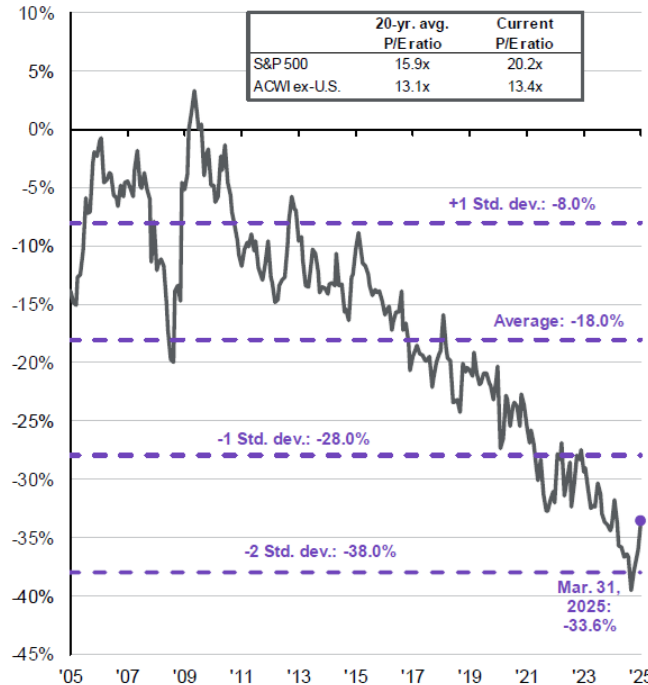


- Stretched valuations and sector shifts have led to value outperforming growth globally.

# Strategy & Positioning – International vs. U.S.

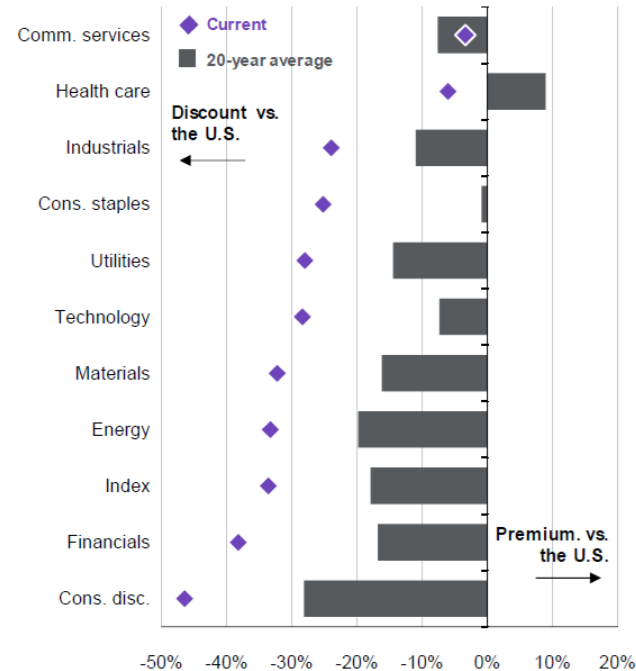
## International: Price-to-earnings discount vs. U.S.

MSCI All Country World ex-U.S. vs. S&P 500, next 12 months



## International: Price-to-earnings discount vs. the U.S. by sector

MSCI All Country World ex-U.S. minus S&P 500, next 12 months

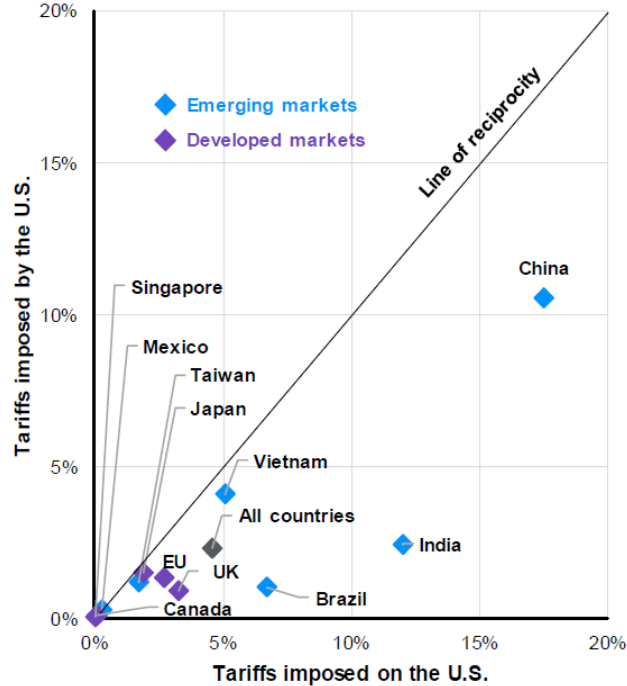


- International equities had strong performance during the quarter, narrowing the historical performance gap between International and U.S. markets. A weaker US Dollar helped international equity returns.

# Strategy & Positioning – Tariff Uncertainty

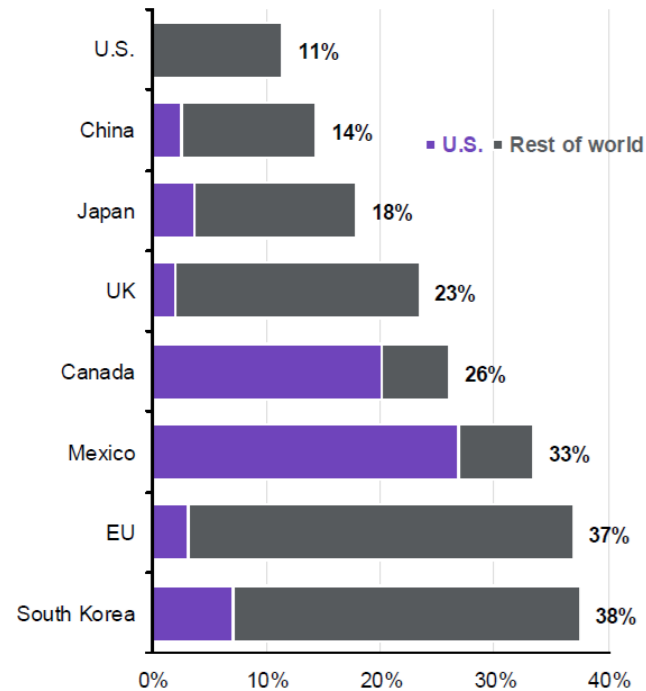
Tariffs between the U.S. and its trade partners

2023, average weighted tariff rate on goods imports



Exports exposure by country

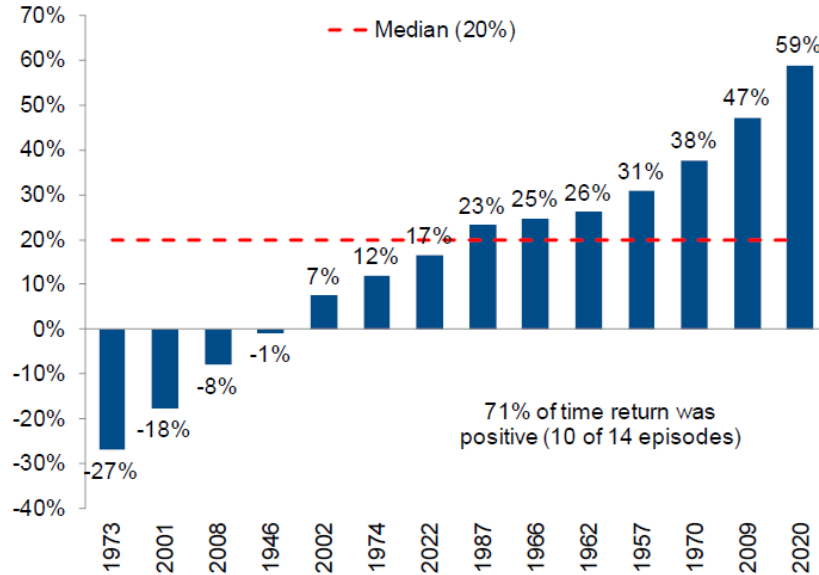
Exports as a % of nominal GDP, USD, goods, 2023



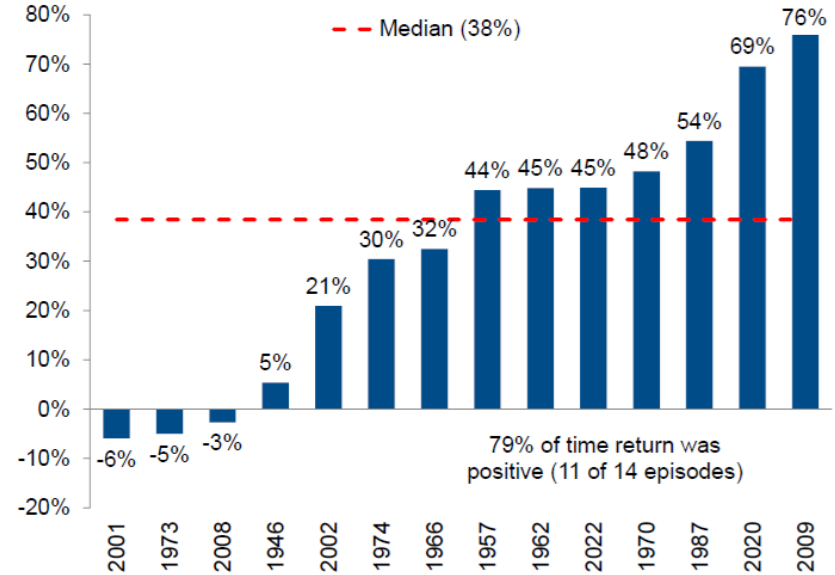
- Since April 2025, the current administration has been aggressive on tariff policies, creating market uncertainty.

# Strategy & Positioning – Policy Uncertainties and Market Reactions

1. S&P 500 Return in 12-Months After 20%+ Pullback in Calendar Year<sup>1</sup>



2. S&P 500 Return in 24-Months After 20%+ Pullback in Calendar Year<sup>1</sup>



- The median equity gain in the year following past bear markets was 20%, while extending the holding period to 24 months resulted in a higher 38% gain.
- These relatively quick recoveries highlight the potential cost of exiting equities that have already suffered a bear market decline.

**Thank You!**

**Q&A**



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For questions regarding this disclaimer, please contact Noah Tabor at [noah.tabor@ucfunds.org](mailto:noah.tabor@ucfunds.org).

# Investment Performance

## Managed Funds as of March 31, 2025

TOTAL RATES OF RETURN AS OF 3/31/25											
<i>Returns on UCF's funds are presented net of fees</i>											
	Inception Date	Quarter	Year To Date	One Year	Three Years	Five Years	Ten Years	Current Yield	Unit Value	Market Value	
MANAGED FUNDS	<b>Beyond Fossil Fuels Fund</b>	11/3/2014	-2.80%	-2.80%	5.36%	8.14%	16.68%	9.35%	2.33%	\$ 20.86	\$206.2M
	S&P 500/MSCI ACWI IMI net, linked		-1.61%	-1.61%	6.30%	6.31%	15.02%	9.10%			
	Lipper Global Equity		-0.99%	-0.99%	4.49%	5.74%	13.02%	7.31%			
	<b>Domestic Core Equity Fund</b>	10/1/2005	-4.88%	-4.88%	7.15%	8.67%	18.20%	11.43%	1.33%	\$ 44.25	\$266.7M
	S&P 500 Index		-4.27%	-4.27%	8.25%	9.06%	18.59%	12.50%			
	Lipper Large Cap Core		-4.41%	-4.41%	6.11%	8.27%	17.47%	11.36%			
	<b>International Equity Fund</b>	10/1/2005	5.05%	5.05%	5.10%	3.13%	9.74%	4.41%	3.00%	\$ 15.91	\$166.2M
	MSCI ACWI ex US net/Custom Index, linked		5.23%	5.23%	6.09%	4.48%	10.92%	5.04%			
	Lipper International Equity		6.78%	6.78%	5.99%	5.73%	11.92%	5.18%			
	<b>Small Cap Equity Fund</b>	10/1/2005	-10.17%	-10.17%	-7.64%	0.18%	13.13%	6.43%	1.24%	\$ 30.27	\$ 58.2M
	Russell 2000 Index		-9.48%	-9.48%	-4.01%	0.52%	13.27%	6.30%			
	Lipper Small Cap Core		-7.61%	-7.61%	-3.29%	1.90%	15.26%	6.52%			
	<b>Fixed Income Fund</b>	10/1/1994	2.48%	2.48%	4.55%	0.43%	0.16%	1.21%	3.76%	\$ 4.45	\$213.8M
	Bloomberg U.S. Govt/Credit Linked Index		2.70%	2.70%	4.66%	1.05%	0.61%	1.91%			
	Lipper Core Plus Fixed Income		2.66%	2.66%	5.15%	0.72%	0.82%	1.70%			
	<b>Alternatives Fund</b>	7/1/2010	0.40%	0.40%	5.64%	4.54%	6.95%	4.65%	N/A	\$ 21.18	\$ 117.9M
	Custom Index 70% HFRI Funds of Funds Composite, 30% NCREIF Fund Index		-0.44%	-0.44%	3.17%	1.31%	5.82%	4.16%			
	<b>Cash &amp; Equivalent Fund</b>		1.01%	1.01%	4.69%	4.11%	2.46%	1.74%	4.23%	\$1.00	\$49.6M
	Lipper Money Market Funds Index		1.06%	1.06%	4.96%	4.26%	2.56%				

# Investment Performance

## Funds of Funds as of March 31, 2025

FUNDS OF FUNDS	TOTAL RATES OF RETURN AS OF 3/31/25		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	Unit Value	Market Value
	<b>Total Equity Fund</b>										
	47.80% Domestic Core Equity, 13.00% Small Cap Equity and 39.20% International Equity	10/1/1994	-2.04%	-2.04%	4.40%	5.31%	13.90%	7.67%	1.97%	\$26.34	\$406.5M
	MSCI ACWI IMI net/Policy Index, linked		-1.61%	-1.61%	6.30%	6.31%	15.02%	8.56%			
	Lipper Global Equity		-0.99%	-0.99%	4.49%	5.74%	13.02%	7.31%			
	<b>UCF Balanced Fund</b>										
	59.90% Equity, 38.00% Fixed Income and 2.10% C&E	circa 1958	-0.32%	-0.32%	4.13%	3.56%	8.53%	5.22%	2.70%	\$14.40	\$361.4M
	Current Policy Index 60% MSCI ACWI IMI net, 40% Fixed Income Policy Index		0.13%	0.13%	5.71%	4.34%	9.23%	6.07%			
	Lipper Mixed-Asset Target Allocation Moderate		0.16%	0.16%	4.97%	3.68%	8.71%	5.40%			
	<b>Beyond Fossil Fuels Balanced Fund</b>										
	58.70% BFF, 39.70% Fixed Income and 1.60% C&E	11/3/2014	-0.72%	-0.72%	4.98%	5.10%	10.10%	6.07%	2.92%	\$15.14	\$268.4M
	Current Policy Index 60% MSCI ACWI IMI net, 40% Fixed Income Policy Index		0.13%	0.13%	5.71%	4.34%	9.23%				
	Lipper Mixed-Asset Target Allocation Moderate		0.16%	0.16%	4.97%	3.68%	8.71%				
	<b>Alternatives Balanced Fund</b>										
	51.1% Equity, 13.4% Fixed Income, 33.0% Alternatives, 2.5% C&E	7/1/2010	-0.58%	-0.58%	4.80%	4.14%	8.97%	5.51%	N/A	\$21.19	\$294.1M
	Current Policy Index 50% MSCI ACWI IMI net, 30% Fixed Income Policy and 20% Alternatives Policy		-0.06%	-0.06%	5.26%	3.93%	8.91%	5.87%			





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