

Financial Advisor's Report to the UUA Board of Trustees



Larry Ladd



October 16, 2014

The opening
history lesson

Aurelia Henry Reinhardt 1877-1948



Moderator, American Unitarian
Association 1940-42

The opening
history lesson

Aurelia Henry Reinhardt

- **Ph.D. in English from Yale**
- **President of Mills College 1916-1948**
- **Single mom with two kids (widowed in 1912)**



The opening
history lesson

Aurelia Henry Reinhardt



- **President, Association of University Women 1923-27**
- **Active environmentalist, on the Board of the Sierra Club**
- **Delegate to the 1936 Republican National Convention**
- **Wrote a book entitled "To Hell With Dante"**
- **Professorships named for her at Mills and SKSM**

The opening
history lesson

Aurelia Henry Reinhardt

- **Ware Lecturer 1932 (the year after Jane Addams)**

“Souls in the midst of destruction,
economic and moral, need more than a
reasoned argument of religion.
They are crying out for the bread
and the water of life.”
(From her 1932 Ware Lecture)

The opening
history lesson

Aurelia Henry Reinhardt

- **Launched the USS Oakland in 1942!**
- **Probably the only Moderator to launch a destroyer**



Aurelia Henry Reinhardt

"Those who have faith in the power of religion face a lamentable condition among living men, not a theory of possible salvation here or hereafter. They face a generation whose eyes have not seen God. Floundering in mental confusion, in moral laxity, and in spiritual negation, these cannot be healed by a new scientific discovery, nor by an appropriate philosophic definition, not even permanently by an adjustment of economic wage and a rise in stocks."

Aurelia Henry Reinhardt

"Man must see a vision of God, that they may cease summing up their human capacity and interest in terms of material things acquired. Man needs a vision of God, because he will follow his vision, be it matter or spirit, be it deity or devil....Those who speak in the name of religion strive to see, even if through a glass darkly, the faint outline of love. The Liberal Church must bring a vision of God to man whose eyes are darkened with pain, with crime, and with tears."

-from the Ware Lecture 1932

Aurelia Henry Reinhardt



"The Liberal Church has always stood ready to welcome those who sought it out. It has been less ready to search for the needy in their own sad places."

Endowment Principles

- Preserve purchasing power ("intergenerational equity")
 - function of spending rate
- Restricted vs. unrestricted
- Measuring success isn't easy

Investment Guidance

- Size correlates with returns (the larger the fund the greater the returns)
- Asset allocation (not managers) accounts for 95% of returns
- Patience is a virtue

Endowment & UUA Budget

- Endowment income represents 17.5% of current section
- Of the \$71.5M endowment (*as of 7-30-2013*) only \$8.4M is unrestricted
- Over five, seven, and ten year periods investment performance ranked in the top half of the peer universe

Common Endowment Fund

- Essentially a "mutual fund" with multiple investors
- \$183.4M as of 8-31-2014
- The largest investor is the UUA (47%)
- Open to congregations and other UU organizations (53%)

Common Endowment Fund

Key Characteristics

- Long-term investment fund
- Diversified portfolio
- Managed by specialist professional investment managers
- Managed to reflect UU values while achieving financial goals – “Risk, Return, Justice”
- Open to congregations, districts, and other UU organizations

Fund oversight

- UUA Board of Trustees – ultimate fiduciaries
- Investment Committee – includes investment professionals
- Socially Responsible Investing Committee
- UUA Treasurer – management, rebalancing
- Investment consultant – New England Pension Consultants
- SRI analyst – Jantzi Sustainalytics
- Specialized investment managers
- Custodian – State Street Bank
- Reporting – NRS Trust Product Administration
- Auditors – CBIZ Tofias/Mayer, Hoffman, McCann



Responsible Committees

Investment Committee

- Carol McMullen, Chair
- Robert Friedman
- Kimberly Gladman
- Lucia Santini
- John LaPann
- Tim Brennan, Treasurer
- Larry Ladd, Financial Advisor

SRI Committee

- David Stewart, Co-Chair
- Kimberly Gladman, Co-Chair
- Simon Billenness
- Vonda Brunsting
- Marva Williams
- Tim Brennan, Treasurer
- Larry Ladd, Financial Advisor

See Investor Information Memorandum for background information.

Asset Allocation Targets

<i>Asset Class</i>	<i>Target Allocation</i>
Domestic equity	19%
International equity	20%
Fixed income	25%
Global asset allocation	30%
Fund of hedge funds	5%
Community investments	1%
Cash	0%



Investment Committee

August 18, 2014

- Reviewed manager fees
 - nearly 70% of fees are lower than median in their respective asset class
 - managers with higher than median fees generally produce strong long-term results
- NEPC will run an ESG rankings report once per year (and for potential new managers)



Investment Committee

August 18, 2014

- Established policy range of up to 10% for private markets and other illiquid investments
- Reviewed "green real estate" options
- Allocated approximately \$8.5M to Breckinridge, an investor in "green bonds"

Aurelia Henry Reinhardt



*Mills College
Baccalaureate 1934*

"Life is not simple; it is not the philosopher's stone, the open sesame, the Holy Grail, the sun, or even the llama's river arrow; it is the incarnating of the best ideals you can find within your whole life. The world is hers who is to incarnate within the human individual the ideals of religion; to create in the body politic, as far as can be done, the ideals of religion. May the peace of God be with you."

Aurelia's destroyer

