



## ELCA Endowment Fund Pooled Trust - Fund A

### Fund Overview

#### Description

Endowment Fund "A," of the ELCA Endowment Fund Pooled Trust (Fund A, or the Fund), was established to allow for the collective long-term investment of funds belonging to the Evangelical Lutheran Church in America (ELCA), its congregations, synods, seminaries and other eligible affiliated entities. To the extent practicable, the Fund pursues investment objectives in line with the Economic Social Criteria Investment Screens approved by the ELCA Church Council.

Incorporated into the Fund's accounting are unitization and quarterly endowment distributions. ELCA administers the Fund, and the investment advisor is Board of Pensions of the ELCA, doing business as Portico Benefit Services.

**Only ELCA-related institutions can be eligible to participate in this investment fund that is exempt from most security registration requirements in accordance with the Philanthropy Protection Act of 1995.**

#### About Performance

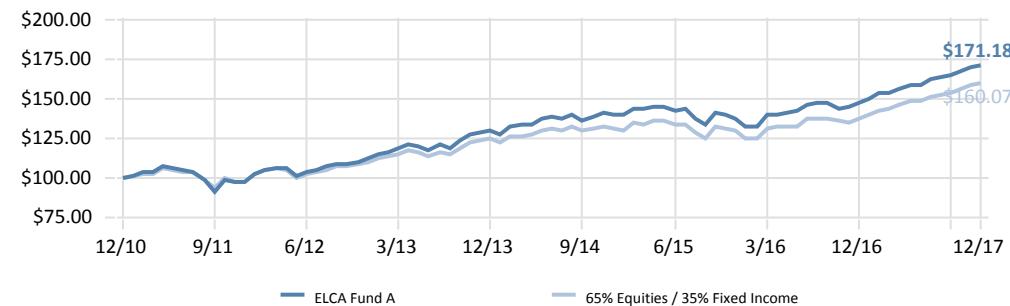
The investment results depicted herein represent historical net performance after the deduction of investment manager and custodian fees and expenses but excluding the administrative fee of 60 basis points (0.60%). Refer to the Disclosure Statement for total fees and expenses.

Annual, cumulative and annualized total returns are calculated assuming reinvestment of dividends and income plus capital appreciation. Performance for periods greater than one year is annualized. Underlying holdings data has been provided by Portico Benefit Services, A Ministry of the ELCA. *Past performance is not a guarantee of future results.*

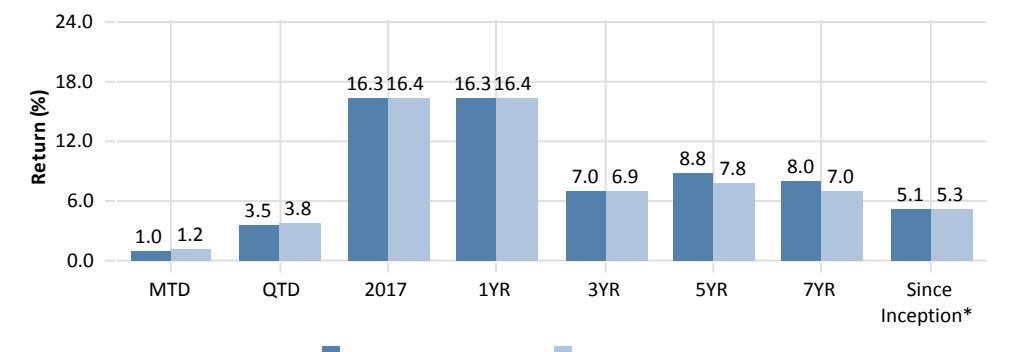
\*Since Inception: July 1, 1999.

**Glossary:** Equity-MSCI ACWI; Fixed Income-Barclays U.S. Aggregate Index. The **Sharpe Ratio** is a risk adjusted measure of performance. The higher the Sharpe Ratio, the stronger the portfolio's risk adjusted return. **Max Drawdown** measures the largest single drop from peak to trough of a portfolio's return. **Alpha** is a measure of performance above or below the benchmark. A positive alpha indicates returns greater than the benchmark. **Beta** is a measure of performance relative to the performance of the benchmark. A beta of 1 indicates that the portfolio moves hand-in-hand with the benchmark.

### Growth of \$100 (7 Years Performance Analysis)

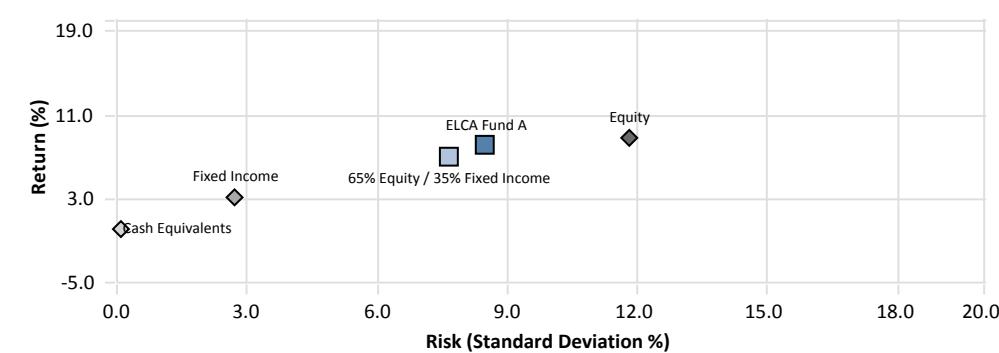


### Multi-Period Performance Analysis



	MTD	QTD	YTD	1YR	3YR	5YR	7YR	Since Inception*
<b>ELCA Fund A (net)</b>	<b>0.99</b>	<b>3.53</b>	<b>16.32</b>	<b>16.32</b>	<b>7.03</b>	<b>8.84</b>	<b>7.98</b>	<b>5.12</b>
65% Equity / 35% Fixed Inc	1.21	3.84	16.44	16.44	6.92	7.80	6.95	5.28

### 7 Years Risk / Return Performance Analysis



	Return	Standard Deviation	Sharpe Ratio	Maximum Drawdown	Alpha	Beta
<b>ELCA Fund A (net)</b>	<b>7.98</b>	<b>8.53</b>	<b>0.92</b>	<b>-14.52</b>	<b>0.39</b>	<b>1.09</b>
65% Equity / 35% Fixed Income	6.95	7.72	0.89	-12.17	0.00	1.00

**Information Disclosures:** This report is intended to provide current Fund value information for Endowment Fund A of the ELCA Endowment Fund Pooled Trust (the Fund). Investor participants own units of the Fund, receive quarterly account statements, and have online access to monthly performance reporting. The minimum initial investment is \$25,000, and the minimum for deposits thereafter is \$2,000. There are no charges for withdrawals, or opening or closing an account.

**THIS IS NEITHER AN OFFER TO SELL NOR A SOLICITATION OF AN OFFER TO BUY THE SECURITIES DESCRIBED HEREIN. AN OFFERING IS MADE ONLY BY THE CONFIDENTIAL DISCLOSURE STATEMENT,** which contains details about risks, investments and administration. The Confidential Disclosure Statement is available to representatives of eligible organizations by calling the ELCA Foundation at 800-638-3522.

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## Quarterly Portfolio Commentary

Fund A generated a strong positive 3.5% return during the fourth quarter to cap off a very constructive 2017 return of 16.3%. From an allocation standpoint the Fund's relative overweights to global equities were rewarded as the global equity rally continued. Over the full year the Fund's decision to increase global asset weighting was beneficial.

### Global Equity

Fund A's U.S. equity component returned 20.2% for the year, underperforming its benchmark by 0.9%. Weaker returns relative to the benchmark were broad-based as four of the five actively-managed components underperformed. Weaker stock selection in the technology sector was the primary driver. While larger technology names like Amazon and Apple have been driving the market overall, an underweight to each of these companies in the U.S. equity program detracted from relative results.

Fund A's international equity component returned 29.6% for the year, beating the benchmark by over 1.8%. The large/mid cap growth and two small cap components showed particular strength while the large/mid cap value component, which tends to play more of a defensive role, lagged for the year. Stock selection in developed markets drove much of the outperformance. Results in Japan and the U.K. were particularly strong. Positive stock selection impacts in emerging markets also helped drive outperformance with South Africa and Brazil as notable contributors.

### Real Estate

Fund A's global real estate securities component returned 4.3% in the fourth quarter of 2017, compared to the custom benchmark return of 3.8%, the full year returned 10.0% versus the benchmark 8.4%. U.S. REITs returned 2% while Global Ex U.S. REITs returned 6.6% for the quarter (benchmark returns).

### Global Fixed Income

In the fourth quarter of 2017, Fund A's investment grade fixed-income portfolio returned 0.4%, in line with the custom benchmark, bringing the full year total to 3.6% versus 3.8% for the benchmark. In a year of low interest rates and tight spreads, limited opportunities to add value and the large component of passive management in the Portico fixed income pools were the main reasons for 2017 performance equal to the benchmark. The portfolio maintains a duration of 5.8 years, below that of the broader Bloomberg Barclays Aggregate index duration of 5.9 years.

High-yield bonds had a positive return for the fourth quarter but the pace began to moderate; Portico's high-yield pools slightly outperformed the benchmark return of 0.50% for the quarter returning 0.57%, 7.0% and 6.9% on the year respectively. Low yields and tight spreads made finding value-adding opportunities hard to come by and unattractive to reach down in quality for yield.

Inflation-indexed bonds outperformed nominal Treasuries in the fourth quarter by about 1.4% for the broad market. The pool return was in line with the benchmark for the quarter, returning 0.56%. During the full year, the pool returned 2.3% compared to 2.0% for the benchmark.

### Absolute Return

During the fourth quarter Fund A's absolute return positions generated positive returns, 1.6% on the quarter. Gains were driven primarily in credit strategies as underlying Emerging Market and corporate credit hedge funds fared well.

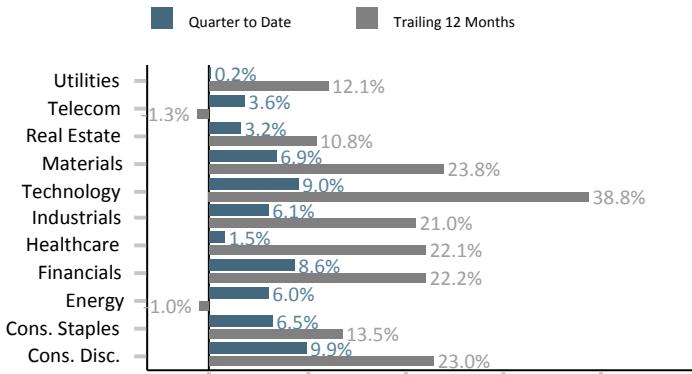
### Global Infrastructure

In general, Infrastructure assets fared well during the fourth quarter and for the full calendar year of 2017. Fund A's infrastructure assets are global in nature and diversified across multiple business types: 38% of the portfolio is invested in Distributed / Regulated utilities, 36% in Contracted power and 26% in GDP sensitive assets such as rail, ports and aviation. The overall portfolio invests in stable long-lived assets to generate distributable cash flow. The current yield on this segment of the portfolio is 5.9%.

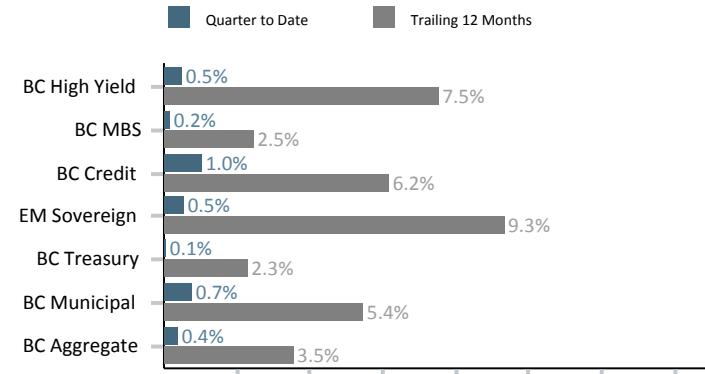
### Private Markets

Fund A's private markets allocation is in the process of building. During the prior quarter the Fund has entered into 2 active partnerships. The first allocations were made to Secondaries (purchasing existing private market commitments at discount levels) and the second into Distressed Debt strategies. The purchase of Secondaries commitments has generated a positive return to Fund A of 18.7% IRR.

### S&P 500 Sector Performance



### Bond Market Performance



### Equity Markets Commentary

In the fourth quarter, emerging markets (EM) and international developed regions both delivered positive returns (in USD). The MSCI EAFE Index (a benchmark for international developed markets) increased 4.3% for US-currency investors and increased 3.7% for local-currency investors, as the US dollar significantly depreciated in relation to the currencies of many nations in the index. For the fourth quarter, the MSCI Emerging Markets Index increased 7.5% for US-currency investors and 5.7% for local-currency investors. The MSCI Europe Index increased 2.3% for US-currency investors and increased 1.3% for local-currency investors during 4Q17.

### Fixed Income Markets Commentary

The bond market registered positive returns during the fourth quarter. The Bloomberg Barclays US Aggregate Bond Index, a general measure of the bond market, increased 0.4% for the quarter as the curve continued to flatten. Interest rates increased during the fourth quarter, as the yield on the 10-year US Treasury note increased to a quarter-end 2.41% from 2.33% at the end of 3Q17. This came out to a 3.1% increase in rates for the quarter. Riskier parts of the bond market such as US high yield debt also increased in the fourth quarter. The Bloomberg Barclays Capital High Yield Index, a measure of lower-rated corporate bonds, rose 0.5%.