ELCA Endowment Fund Pooled Trust - Fund A

Fund Overview

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.

About Performance

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.

Fees and Expenses

A monthly fee of 1/12 of 1 percent is deducted monthly from the Fund A Market Value. The expenses of administration, including investment management, are paid from this fee.

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.

About Performance

The investment results depicted herein represent historical gross performance before the deduction of investment management costs. 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.

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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Capital Markets Commentary

Risk markets globally made new highs in the first quarter of 2017. While many attribute this to the pro-growth potential of “Trumponomics,” we believe it has more to do with the powerful global reflationary rebound, positive earnings revisions, and strong earnings growth forecasts. While the market is paying a disproportionate amount of attention to political events and news, we recommend focusing on the four pillars of this aging bull market-accelerating growth, valuation, sentiment/positioning, and market technicals—all of which remain constructive for global equities. The Federal Open Market Committee also made news this quarter as it hiked rates for the second meeting in a row and signaled two further hikes in 2017 on the back of improving inflation data, near full employment, and historically loose financial conditions.

For the quarter, US equities posted strong performance, especially the Tech sector of the S&P 500, which returned 12.6%. The Energy sector was a clear laggard (-6.7%) as fears of a substantial decline in crude oil prices weighed on returns for the sector. While the US had strong performance (6.1%), the largest returns for the quarter actually came from abroad with emerging markets registering an 11.5% total return, and Europe, 7.6%. For the one-year period ending March 31, 2017, MLPs, US equities, and emerging market equities led the pack with double-digit returns. MLPs were the true standout during this time frame with returns of 28.3%. Managed futures and munis were the laggards for the one-year period.

Morgan Stanley & Co. economists expect US real GDP will be 2.0% in 2017. They forecast global GDP growth to be 3.4% in 2017.

S&P 500 Sector Performance

Global Equity Commentary

In the first quarter, emerging markets (EM) and international developed regions both delivered positive returns. The MSCI EAFE Index (a benchmark for international developed markets) rose 7.4% for U.S.-currency investors and 4.9% for local-currency investors, as the U.S. dollar depreciated in relation to the currencies of many nations in the index. For the first quarter, the MSCI Emerging Markets Index decreased 11.5% for U.S.-currency investors and 7.8% for local-currency investors, as the U.S. dollar weakened in relation to the currencies of the nations in the index. The MSCI Europe Index increased 7.6% for U.S.-currency investors and increased 6.2% for local-currency investors during the first quarter of 2017. The S&P 500 Index increased 6.1% for the quarter with 9 of the 11 sectors generating positive returns for the quarter. Technology, Consumer Discretionary, and Healthcare were the top performers while Energy and Telecom were the biggest laggards.

Market commentary has been provided by the Morgan Stanley Global Investment Committee.