

ELCA ENDOWMENT FUND POOLED TRUST – FUND A

THIRD QUARTER 2015 REPORT



ELCA Foundation
Evangelical Lutheran Church in America

FUND A – THIRD QUARTER 2015 SUMMARY

For the third quarter, Fund A returned -6.0%, equaling the benchmark return of -6.0%, gross of fees. For the trailing 12 months, the Fund is down 0.8%, ahead of the benchmark return of -2.3%, gross of fees.

A SUMMER ROLLER COASTER

Kurt Kreienbrink, CFA

Manager, Socially Responsible Investing and Investor Advocacy, Portico Benefit Services

Third quarter update

The Standard and Poor's 500 Stock Index (S&P 500) was down 6.4% for the quarter, and is down 5.3% in 2015. The investment-grade bond market, as measured by the Citigroup Broad Investment-Grade Bond Index, was up 1.1% for the quarter, and is also up 1.1% in 2015. Non-U.S. stocks were down 11.9% for the quarter, and are down 7.8% in 2015.

What happened?

Two of the biggest stories during the quarter were China's slowing economy, and the Federal Reserve (the Fed) announcing it would not raise rates in September. The prospects of a slowing economy in China and potential lower overall global growth, along with the hesitancy of the Fed, contributed to increased volatility in returns and the first negative quarterly return for the S&P 500 since fourth quarter 2012.

While market volatility increased, this quarter also provided a reminder of why diversification across different asset classes can help manage overall volatility in an investment portfolio. Specifically, the Citigroup Broad Investment-Grade Bond Index was up 1.1% for the quarter, while the S&P 500 Stock Index was down 6.4% for the quarter. Furthermore, portfolios with global real estate investments also enjoyed diversification benefits, though not as pronounced as those from investment-grade bonds.

Are you prepared for more?

Since the end of August, equity markets have remained choppy, but as of quarter end, the S&P 500 has not dropped below the low point it reached on Aug. 25. However, what if it does? One of the best ways to

be prepared is to invest in a portfolio that is well diversified both across and within asset classes. ELCA Endowment Fund A is just that, targeting six different asset classes. Furthermore, Portico continues to focus on long-term fundamentals which influence long-term performance, including strategic asset allocation and appropriate diversification.

EQUITIES MARKET REVIEW

Josh Stieler, CFA

Senior Investment Manager, Portico Benefit Services

U.S. equity

The U.S. equity component of Fund A fell -8.4% in the third quarter, trailing the benchmark return of -7.3%. Weak relative returns were broad based, with four of the six active managers lagging their benchmark.

The U.S. equity market, as measured by the Russell 3000 Index, turned in its first negative quarter since 2012. The quarter started off strong in June before falling significantly in August and September. Concern over economic growth in China appears to be the most often cited reason for the pullback but the recent prolonged period of market gains coupled with low volatility was bound to prove unsustainable. Energy and commodity-related stocks led the decline while consumer and technology stocks fared better than the overall market. Large-cap stocks outperformed small and mid-cap stocks, while growth stocks outperformed value.

Non-U.S. equity

Fund A's non-U.S. equity component returned -10.9% in the third quarter, beating the benchmark return of -11.9%. While absolute returns were soundly negative, all five active components outperformed their benchmark.



EQUITIES MARKET REVIEW (CONT'D)

Non-U.S. stocks trailed U.S. markets during the quarter. Emerging markets fared particularly poorly, falling over 17%. This is largely due to Brazil and China, two of the largest emerging market countries in the overall index. Within developed markets, European stocks held up slightly better than the overall market while Asian markets trailed the benchmark. The strengthening dollar continues to weigh on dollar-based returns for international stocks. Dollar-based returns trailed local currency returns by approximately 2.5% for the quarter and over 5% year to date.

GLOBAL REAL ESTATE SECURITIES MARKET REVIEW

Mike Clancey, CFA, CAIA

Assistant Investment Manager,
Portico Benefit Services

Fund A's global real estate securities component returned -0.1% in the third quarter of 2015, compared to the custom benchmark return of -0.4%.

Global real estate securities outperformed both U.S. equity (-7.3%) and non-U.S. equity markets (-11.9%) over the course of the third quarter as volatility came back into the public equity markets amidst global economic slowdown concerns and a potential Fed Funds rate hike in September. Most real estate fundamental indicators remain strong, with healthy demand and modest new supply growth in all but the biggest cities. Within the U.S. real estate securities space, the self-storage and apartment sectors were the leaders, while hotels, severely lagged on a relative basis. In terms of geography, the Global Ex U.S. real estate securities market showed relative weakness compared to U.S. real estate securities by a wide margin (-5.2% vs. +3.1%), inclusive of the currency effect.

FIXED-INCOME MARKET REVIEW

Mark Haney, CFA

Senior Investment Manager, Portico Benefit Services

Core investment-grade fixed-income

In the third quarter, Fund A's fixed-income portfolio returned 0.9%, underperforming the return of the custom benchmark.

The Federal Reserve kept the federal funds rate near 0% during the quarter even though many market participants expected a .25% rate hike in September. For the first time they cited recent global economic and financial developments as having the potential to restrain economic activity and put further downward pressure on inflation. All policies of reinvesting maturing principal of Government holdings remained unchanged.

Though risk assets (e.g. equities and high yield) sold off late in the quarter, fixed income did well, with both the 10-year and 30-year U.S. Treasury yield down about .3%. The Citigroup Broad Investment-Grade Bond Index was up 1.1% for the quarter and 1.1% year-to-date, led by Treasuries (up 1.7% for the quarter) while Credit (up 0.3%) lagged.

High-yield bonds

High-yield bonds suffered with the struggling equity market during the third quarter of 2015; the asset class posted a -5.1% return as measured by the Citigroup High-Yield BB/B index. Portico high-yield managers outperformed the index for the quarter, returning -4.4%.

Fundamentals remained strong and defaults remained low, with U.S. speculative-grade companies defaulting at a trailing 12 month rate of 2.5% through September 2015, according to Standard & Poor's. Lower Treasury rates didn't seem to help the most interest-rate sensitive BB rated segment (down 4.3%), but the lowest rated CCC's were heavily hit, losing -8.5% for the quarter. Single B credits were in between, posting an average return of -6.2%.

Metals/Mining and Energy were especially hard hit among industry sectors posting returns of -15.8% and -22.0% respectively.

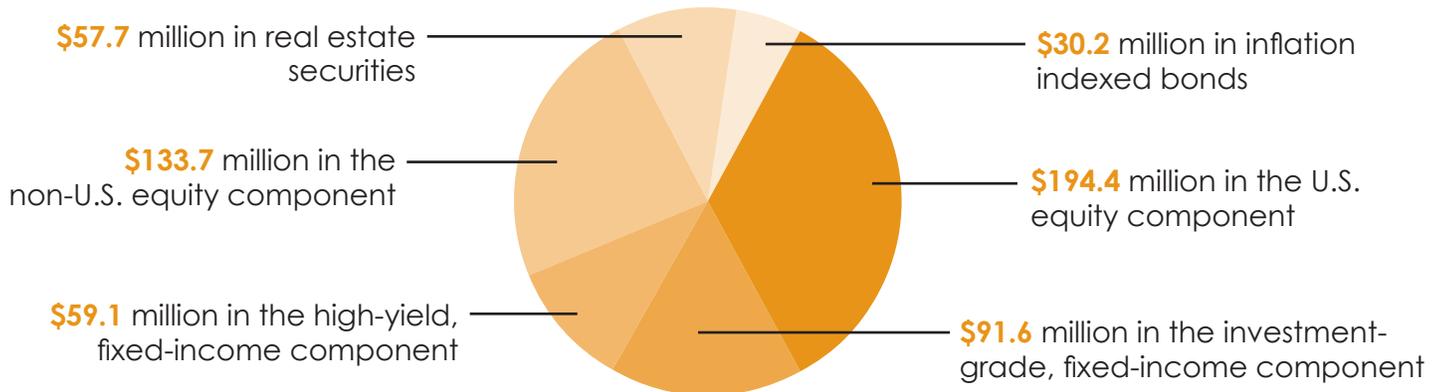
Inflation-indexed bonds

With inflation expectations declining during the quarter inflation-indexed bonds posted a negative return of -0.9%. This passively-managed (indexed) portfolio's return was in line with that of the benchmark.



FUND A PORTFOLIO MARKET VALUE¹

As of September 30, 2015, Fund A had investments of approximately \$566.7 million.



FUND A INVESTMENT PORTFOLIO PERFORMANCE² AS OF SEPTEMBER 30, 2015

| | Q3 (%) | YTD (%) | 1 YR (%) | 3 YRS (%) | 5 YRS (%) | 10 YRS (%) | SINCE INCEPTION |
|--|--------|---------|----------|-----------|------------------|------------------|-----------------|
| TOTAL FUND A⁷ | -6.03 | -3.47 | -0.79 | 7.80 | 8.24 | 6.00 | 4.94 |
| FUND A BENCHMARK: Benchmark: 35% Russell 3000 Index, 25% MSCI All Country World ex-U.S. Index, 10% Citigroup High Yield BB/B Cash Pay Capped Index, 15% Custom Citigroup Bond Index, 10% of Custom Dow Jones Global Real Estate Securities Index (60% Dow Jones U.S. Select Real Estate Securities Index and 40% Dow Jones Global ex-U.S. Select Real Estate Securities Index), and 5% Citigroup U.S. 1-10 year Inflation Linked Securities Index. | -5.99 | -4.15 | -2.28 | 6.46 | 7.68 | 5.62 | 4.78 |
| EQUITIES | | | | | | | |
| Fund A U.S. Equity portfolio | -8.38 | -5.71 | -0.03 | 13.98 | 13.91 | 7.13 | 4.63 |
| U.S. Equity Benchmark (Russell 3000 ³) | -7.25 | -5.45 | -0.49 | 12.53 | 13.31 | 7.01 | 4.66 |
| Fund A non-U.S. equity portfolio | -10.89 | -5.37 | -7.91 | 4.86 | 3.27 | 4.16 | N/A |
| Fund A non-U.S. equity benchmark (MSCI All Country World (Ex-U.S.) Index) | -11.88 | -7.84 | -11.42 | 2.75 | 2.09 | 3.17 | N/A |
| HIGH-YIELD | | | | | | | |
| Fund A high-yield portfolio | -4.39 | -0.96 | -1.69 | 3.79 | 6.05 | 7.34 | N/A |
| High-yield benchmark (Citigroup BB/B Cash Pay Capped Index ⁸) | -5.07 | -2.50 | -3.29 | 3.04 | 5.84 | 6.67 | N/A |
| FIXED-INCOME | | | | | | | |
| Fund A fixed-income portfolio | 0.88 | 0.98 | 2.77 | 1.86 | 3.32 | 4.88 | 5.48 |
| Fixed-income benchmark (Custom Citigroup Index ⁴) | 1.01 | 0.97 | 2.75 | 1.80 | 3.29 | 4.89 | 5.53 |
| GLOBAL REAL ESTATE SECURITIES | | | | | | | |
| Fund A global real estate securities portfolio | -0.08 | -2.36 | 7.43 | 8.15 | 9.72 | 6.50 | N/A |
| Real estate securities benchmark (Custom Dow Jones Global Real Estate Securities Index ⁵) | -0.38 | -3.13 | 6.16 | 8.21 | 10.55 | 5.94 | N/A |
| INFLATION INDEXED | | | | | | | |
| Inflation indexed bond portfolio | -0.88 | 0.23 | -0.10 | -1.65 | N/A ⁶ | N/A ⁶ | N/A |
| Inflation indexed benchmark (Citigroup U.S. 1-10 year Inflation-Linked Securities Index) | -0.88 | 0.15 | -0.09 | -1.69 | N/A | N/A | N/A |

NOTE: Past performance does not guarantee future results.

- Total market value of Fund A is \$566.4 million, including deposits between monthly valuation dates and operating cash on which a total fee of 1/12 of 1% is deducted monthly from Fund A. Unit value: \$1,140.72
- Returns are before the deduction of fees.
- The U.S. equity benchmark changed from the Dow Jones Total Stock Market Index to the Russell 3000 in October 2011.
- The Investment Grade Fixed Income Benchmark changed from the old Custom Citigroup Index (40% Mortgage, 30% Credit, 25% Treasury/Government, 5% Asset-Backed) to the new Custom Citigroup Index (40% Collateralized, 35% Credit, 25% Treasury/Government) in October 2011.
- Late in 2008, the Real Estate Securities benchmark transitioned to 60% Wilshire U.S. Real Estate Securities Index and 40% Wilshire Ex-U.S. Real Estate Securities Index, from 100% Wilshire U.S. Real Estate Securities Index. In April 2013 the Custom Global Real Estate Securities benchmark transitioned to 60% Dow Jones U.S. Real Estate Securities Index and 40% Dow Jones Global Ex-U.S. Real Estate Securities Index with net dividends.
- In June 2011, Inflation Indexed Bonds were added as a component to Fund A's asset allocation. The inflation indexed benchmark changed from the Citigroup Inflation Linked Securities Index to the Citigroup U.S. 1-10 Year Inflation Linked Securities Index as of 12/1/2014.
- Endowment Fund A moved to the SP Investment Grade Fixed Income Pool as of November 2007 and to the SP U.S. Equity Pools as of December 2007 from separately managed accounts.
- The high-yield benchmark changed from the Citigroup High Yield Cash Pay Capped Index to the Citigroup BB/B Cash Pay Capped Index on Sept. 1, 2012.



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The ELCA Foundation regional gift planners are located throughout the country and are ready to assist you.



AT A GLANCE

ELCA Endowment Fund Pooled Trust – Fund A 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. Fund A is administered by the ELCA. The Board of Pensions of the ELCA, doing business as Portico Benefit Services, is the investment advisor. The ELCA promotes investment in the Endowment Fund Pooled Trust through the ELCA Foundation.

SOCIAL PURPOSE INVESTING

Fund A's assets are selected, where feasible, in accordance with criteria of social responsibility that are consistent with the values and programs of the ELCA. In addition, Fund A seeks positive social investments that provide a proactive way to receive a return while directing capital to underserved markets, such as community development and renewable energy.

ABOUT FUND A

You should carefully consider the target asset allocations, investment objectives, risks, charges and expenses of any fund before investing in it. Fund A is subject to risk. Past performance cannot be used to predict future performance. Portico Benefit Services' funds, in which Fund A is invested, are not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Fund assets are invested in multiple sectors of the market. Some sectors, as well as the Fund, may perform below expectations and lose money over short or extended periods.

Neither Portico Benefit Services nor its funds are subject to registration, regulation or reporting under the Investment Company Act of 1940, the Securities Act of 1933, the Securities Exchange Act of 1934, the Investment Advisers Act of 1940 or state securities laws. Members, therefore, will not be afforded the protections of those provisions of those laws and related regulations.