

ELCA ENDOWMENT FUND POOLED TRUST – FUND A

FIRST QUARTER 2018 REPORT



ELCA Foundation
Evangelical Lutheran Church in America

FUND A – FIRST QUARTER 2018 SUMMARY

Fund A generated a slight loss -0.86% net return during the first quarter, which outperformed the 65% equity / 35% fixed income benchmark return of -1.07%. For the trailing 12 months, Fund A posted a 9.88% return net of investment costs, slightly behind the benchmark return of 9.98%.

MARKET SNAPSHOT

After a strong 2017, global markets hit a speed bump in the first quarter as volatility returned from its year-long hiatus. Though economic data has remained strong, worries about inflation, monetary policy, trade, and global politics brought fear back into the markets, causing the first >10% correction in the S&P 500 since 2015.

U.S. equities had a wide-ranging beginning to the year, trading up as high as 7.45% and down as much as 3.46% before finishing the quarter down 0.76%. The Tech sector led the way, returning 3.53%. It was followed by Consumer Discretionary, which increased by 3.08%. Defensive sectors Telecom and Staples were the biggest laggards, losing 7.48% and 7.12%, respectively.

The U.S. was not the only region that faced challenges to start the year, as Europe fell 1.87%. Other international regions fared better, as Japan gained 0.98% and Emerging Markets (EM) increased 1.47%. A depreciating U.S. dollar helped support Japanese and EM returns as their respective currencies appreciated, while a range-bound Euro prevented U.S. dollar investors from experiencing the same gains.

As prevailing interest rates increased, the bond market registered negative returns to start the year. The Bloomberg Barclays U.S. Aggregate Bond Index, a general measure of the bond market, fell 1.46% for the quarter.

The Federal Reserve Open Market Committee, conducting its first meeting under Chairman Jerome Powell, reiterated in its March 21st statement that the labor market continued to strengthen and economic activity rose at a solid rate. Inflation remains below the 2% target and longer-term inflation expectations are little changed. In view of the realized and expected labor market conditions and inflation the Committee decided to raise the target range on the federal funds rate to 1.5% – 1.75%.

EQUITY

U.S.

Fund A's U.S. equity component returned -1.19% net for the first quarter, trailing the benchmark return of -0.64%. The value components, both large cap and small/mid cap, were responsible for the majority of underperformance as value factors were not rewarded in the first quarter, continuing a longer term trend of growth stocks heavily outpacing value.

Non-U.S.

Fund A's non-U.S. equity component narrowly posted a positive return of 0.03%, outpacing the benchmark return of -1.06%. All of the components in the non-U.S. program beat their respective benchmarks, with the small cap managers showing particularly strong performance. Specifically, stock selection within the small cap components continued to be strong across countries and sectors, driving significant outperformance over short and longer time periods. The non-U.S. component was also aided by strong stock selection in Financials and an underweight to Canada, which lagged the benchmark.

FIXED-INCOME

Investment Grade

In the first quarter of 2018, Fund A's fixed income portfolio returned -1.48% net, slightly above the custom benchmark return of -1.52%. Treasury yields rose by as much as 0.4% during the quarter, and credit spreads widened contributing -0.7% to the benchmark's negative return. Positive security selection added value, including corporate security selection and mortgage-backed security selection, but this was partially offset by an overweight to credit.

High-Yield

High-yield bonds posted a negative return of -1.10% net for the first quarter of 2018; Fund A's high-yield pool slightly underperformed the benchmark return of -1.00% for the quarter. Low yields and tight spreads made finding value-adding opportunities hard to come by and unattractive to



reach down in quality for yield. Two of the three high yield managers in the pool underperformed during the quarter. Reasons for underperformance included security selection in general and one of the managers experienced a defaulted security within its portfolio.

The core, single B quality segment outperformed the benchmark but CCC's surged, returning a positive 1.5% for the quarter; BB's lagged, returning -1.5%. By industry, returns ranged from -5.4% (ISP/Data) to a positive 2.2% (Other Industrial).

Inflation-Indexed

Inflation-indexed bonds outperformed nominal Treasuries in the first quarter by about 1% for the broad market. The pool return was in line with the benchmark due to its full-replication, passive approach, returning -0.42% net.

GLOBAL REAL ESTATE SECURITIES

Fund A's global real estate securities component returned -4.34% net in the first quarter of 2018, compared to the custom benchmark return of -5.00%. U.S. REITs returned -7.43%, while Global Ex U.S. REITs returned -1.45% for the quarter.

The U.S. REIT portfolio is actively managed by a single investment manager, and this portfolio performed well for the quarter (+0.93% relative to the benchmark). The largest drivers of relative performance were an overweight to healthcare related REITs and an overweight to industrial properties. An underweight to hotels and stock selection within the office sector were the largest performance detractors.

The Global ex-U.S. REIT portfolio is passively managed by a single manager, whose account showed slightly positive relative returns (0.30% relative to the benchmark) for the quarter.

ALTERNATIVE INVESTMENTS

Absolute Return

The first quarter's return of volatility to the markets was beneficial to the Fund's hedge positions. The Absolute return Fund increased 1.10% during the quarter. Gains were driven primarily in Global Macro trading strategies which profited from volatility (underlying funds increasing over 4% during the quarter). Most underlying equity oriented funds experienced positive performance (+0.30%), even as most equity markets declined during the quarter the environment was made fruitful by enhanced volatility and corporate earnings dispersion. Credit strategies were also positive approx. 1.37% during the quarter, despite losses in the overall bond market as measured by the Bloomberg Barclays U.S. Aggregate Bond Index. Emerging market credit positions were beneficial to the portfolio.

Private Infrastructure

In general Infrastructure assets fared well during the first quarter of 2018. Performance reports currently a 2.7% increase (lagged one quarter due to the nature of the private assets). Fund A's infrastructure assets are global in nature and diversified across multiple business types: 39.2% of the portfolio is invested in Distributed/Regulated utilities, 34.4% in Contracted power and 26.4% in GDP sensitive assets such as rail, ports and aviation. Approximately 31% of the portfolio is invested in the United States with the remainder in overseas assets. The overall portfolio invests in stable long-lived assets to generate distributable cash flow. The current annual yield on this segment of the portfolio is 7.0% over the trailing calendar year.

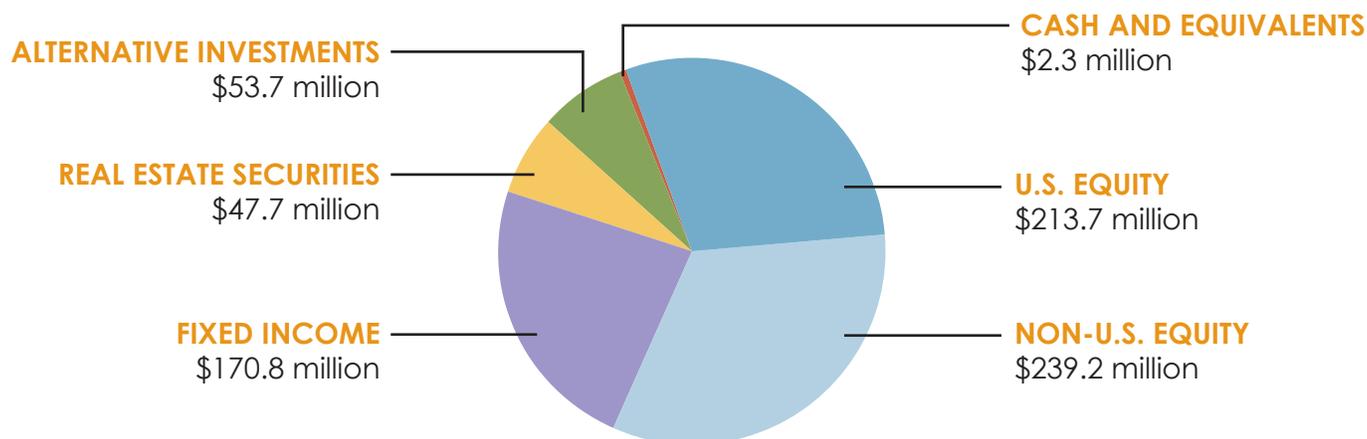
Private Markets

The overall Fund valuation return currently reported is 18.68% IRR, for a net multiple of the total allocation of 1.2x. Performance reporting for the Private Markets Fund lags at least a quarter. Current reporting final valuations as of 9/30/17.

Fund A's private markets allocation is in the process of building. During the quarter the Private Markets Fund has entered into 2 additional partnerships. One of the additional investments will primarily target control investments in U.S. middle-market companies. The first allocations were made to Secondaries (purchasing existing private market commitments at discount levels) and the second into Distressed Debt strategies.



As of March 31, 2018, Fund A Assets totalled \$730.2 million* and Fund A Investments totalled \$727.4 million.**



* Total Assets includes investments, deposits between monthly valuation dates, and operating cash.

** Pie Chart is representative of Fund A Investment Assets only.

FUND A INVESTMENT PORTFOLIO PERFORMANCE (%) AS OF MARCH 31, 2018

		Q1 (%)	YTD (%)	1 YR (%)	3 YRS (%)	5 YRS (%)	10 YRS (%)	SINCE INCEPTION	INCEPTION DATE
TOTAL FUND A¹		-0.86	-0.86	9.88	5.34	7.00	5.89	4.59	07/01/99
65% MSCI ACWI / 35% Bloomberg Barclays U.S. Aggregate Bond Index		-1.07	-1.07	9.98	5.79	6.70	5.23	5.15	
EQUITIES	Social Purpose US Equity Portfolio²	-1.19	-1.19	12.70	8.38	12.45	9.32	5.71	07/01/99
	Russell 3000 Index ³	-0.64	-0.64	13.81	10.22	13.03	9.72	6.08	
	Social Purpose Non-US Equity Portfolio	0.03	0.03	18.79	8.23	7.64	3.44	7.22	04/01/04
	MSCI ACWI ex USA IMI Index ⁹	-1.06	-1.06	17.10	6.75	6.25	2.91	6.48	
FIXED-INCOME	Social Purpose Investment Grade Bond Portfolio²	-1.48	-1.48	1.22	1.24	1.84	3.78	4.92	07/01/99
	Portico Fixed Income Benchmark ⁴	-1.52	-1.52	1.32	1.35	2.00	3.92	5.03	
	Inflation Indexed Bond Portfolio	-0.42	-0.42	0.53	1.30	-0.07	-	2.12	06/01/11
	Citi US 1-10 Year Inflation Linked Index ⁵	-0.47	-0.47	0.41	1.22	-0.08	-	2.10	
	Social Purpose High Yield Bond Portfolio	-1.10	-1.10	3.44	4.48	4.51	7.50	7.17	07/01/03
	Citi BB & B-Rated Issues Index ⁶	-1.00	-1.00	3.56	4.43	4.44	7.46	7.22	
REAL ESTATE	Global Real Estate Securities Portfolio	-4.34	-4.34	3.67	2.27	4.95	5.68	8.17	03/01/04
	Portico REIT Benchmark ⁷	-5.00	-5.00	1.75	1.50	5.03	5.52	7.68	
ALTERNATIVE INVESTMENTS	Absolute Return Fund	1.10	1.10	-	-	-	-	3.58	08/01/17
	HFRI Fund of Funds Index	0.57	0.57	5.86	1.96	3.44	1.58	3.95	
	Private Infrastructure Fund⁸	2.70	2.70	-	-	-	-	2.70	10/01/17
	S&P Global Infrastructure Index	-5.51	-5.51	5.15	4.44	6.88	3.74	-3.75	
	Private Markets Fund⁸	NM	NM	-	-	-	-	NM	09/01/17
	Cambridge Private Equity Index	0.00	0.00	14.38	11.45	12.85	10.18	9.26	

1. Total Fund A returns are net of investment manager and custodian fees and expenses including the administrative fee of 60 basis points (0.60%). Prior to July 2017, the total fee was 100 basis points (1.00%). Refer to the Disclosure Statement for total fees and expenses. Returns for the sub-asset classes are net of investment manager and custodian fees and expenses as reported by the investment managers.

2. 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.

3. The U.S. equity benchmark changed from the Dow Jones Total Stock Market Index to the Russell 3000 in October 2011.

4. 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.

5. 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.

6. 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.

7. 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.

8. Returns for Private Infrastructure and Private Markets will be reported on a quarter lag.

9. The Non-US Equity pool has been benchmarked to the MSCI All-Country World xUS IMI since 7/1/2012, prior to that the benchmark was the standard MSCI All-Country World xUS Index.



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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. The ELCA promotes investment in the Endowment Fund Pooled Trust through the ELCA Foundation.

Fund A is administered by the Endowment Fund of the ELCA dba 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. Fund A investments, 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.

The Investment Advisor (Portico Benefit Services), investment managers and/or the investments Fund A directly invested in are not 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.