MINISTRY GROWTH FUND

DESCRIPTION

The ELCA Endowment Fund Pooled Trust (Ministry Growth Fund, 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. The ELCA Foundation administers the Fund.

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 as well as the Foundation’s administrative fee of 60 basis points (0.60%). Refer to the Disclosure Statement for total fees and expenses. Prior to July 2017, the total fee was 100 basis points (1.00%). 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 returns were provided by the Fund’s respective managers. Past performance is not a guarantee of future results.

TARGET ALLOCATION

1. Approved by the ELCA Foundation Board of Trustees on September 20, 2019.
2. The Target Benchmark is comprised of: Russell 3000 (25%), MSCI ACWI exUSA IMI (30%), Bloomberg Barclays Capital U.S. Aggregate (8%), Bloomberg Barclays Capital U.S. High Yield Ba/B 1% Issuer Cap (5%), Bloomberg Barclays Capital U.S. 1-10 Yr Inflation Linked (5%), DJ I.G. I.G. Select Real Estate Securities (2.4%), DJ Select Real Estate Securities (4%), DJ Global Fixed Income (5%), S&P Global Infrastructure (5%), Cambridge Private Equity (10%), and 90-Day T-Bill (4%) indices. The benchmark is rebalanced on a monthly basis. Target Benchmark allocation is static and based on the SAA as of September 2019. From July 2017 to September 2019, the Target Benchmark was comprised of: Russell 3000 index (27%), MSCI ACWI ex USA IMI index (30%), Portico Fixed Income Benchmark (8.5%), Portico High Yield Benchmark (8.5%), FTSE Portico Inflation Linked index (5%), Portico Real Estate Benchmark (5%), HFRX Global Hedge Funds Index (3%), S&P Global Infrastructure index (10%), and Cambridge Private Equity index (10%). Historical benchmark returns prior to July 2017 have been provided by Portico Benefit Services.

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1The ELCA Endowment Fund Pooled Trust (EFPT) - Fund A’s name was changed to the Ministry Growth Fund, effective November 1, 2021.
2The Distribution Rate + CPI consists of the Consumer Price Index (CPI) plus the ELCA Foundation’s distribution rate. The Foundation Board of Trustee’s periodically adjusts the distribution rate which is currently set at 4.0%.
3Approved by the ELCA Foundation Board of Trustees on September 20, 2019.
4The Target Benchmark is comprised of: Russell 3000 (25%), MSCI ACWI exUSA IMI (30%), Bloomberg Barclays Capital U.S. Aggregate (8%), Bloomberg Barclays Capital U.S. High Yield Ba/B 1% Issuer Cap (5%), Bloomberg Barclays Capital U.S. 1-10 Yr Inflation Linked (5%), DJ I.G. I.G. Select Real Estate Securities (2.4%), DJ Select Real Estate Securities (4%), DJ Global Fixed Income (5%), S&P Global Infrastructure (5%), Cambridge Private Equity (10%), and 90-Day T-Bill (4%) indices. The benchmark is rebalanced on a monthly basis. Target Benchmark allocation is static and based on the SAA as of September 2019. From July 2017 to September 2019, the Target Benchmark was comprised of: Russell 3000 index (27%), MSCI ACWI ex USA IMI index (30%), Portico Fixed Income Benchmark (8.5%), Portico High Yield Benchmark (8.5%), FTSE Portico Inflation Linked index (5%), Portico Real Estate Benchmark (5%), HFRX Global Hedge Funds Index (3%), S&P Global Infrastructure index (10%), and Cambridge Private Equity index (10%). Historical benchmark returns prior to July 2017 have been provided by Portico Benefit Services.
Following a notably strong start to the 2023 calendar year with broad-based gains generated across the major global asset classes and categories in January, financial market performance in February left much to be desired, as equities, bonds, and real assets posted overwhelmingly negative performance amid a steepening in the near-term implied Federal Reserve (Fed) policy path.

Global equity performance finished February in negative territory. Within the U.S., sentiment was hurt by comments from Fed Chairman Jerome Powell stating that it was premature to declare victory on inflation and that rates would likely increase to an appropriately restrictive level. Outside the U.S., emerging markets posted the worst February returns for the region since 2001. Re-escalation in U.S.-China tensions negatively affected sentiment, while a strengthening dollar acted as a headwind.

The Fed rate hikes similarly resulted in negative returns from bonds in all but treasuries. This is to be expected, given the inverse relationship between interest rates and bond returns – when interest rates rise, bond returns decline.

Also, as a result of the increasing likelihood of continued rate hikes, real assets, and real estate especially, posted moderate losses of approximately 4-5% in February. Global infrastructure underperformed the broader equity markets as well in February.

Hedge funds (shown as HF in the chart below), representing strategies that are generally uncorrelated with broader equity and fixed income markets, were negative for the month, but to a lesser degree than equities and fixed income.