

ELCA ENDOWMENT FUND POOLED TRUST – FUND A

FOURTH QUARTER 2020 REPORT



ELCA Foundation
Evangelical Lutheran Church in America

FUND A – FOURTH QUARTER 2020 SUMMARY

During the fourth quarter, Fund A returned 10.75% net and 12.00% net for the full calendar year. The Static Market benchmark returned 9.74% on the quarter and 13.90% on the calendar year.

Fund A outperformed the Static Market benchmark by approximately 100 basis points on the quarter on the back of strong performance from the Non-U.S. equity allocation and outperformance from the fixed-income portfolio. From an absolute return standpoint, the equity allocations all enjoyed strong returns on the market recovery. The global real estate securities portfolio outperformed the benchmark and enjoyed a recovery but on an absolute return basis remains muted compared to the equity market recovery for the full calendar year. The hedge fund portfolio generated positive return on the quarter and the year, exceeding benchmarks.

MARKET SNAPSHOT

The S&P 500 saw continued gains in the fourth quarter, following a moderate third quarter and a sharp rally in the second quarter. Equities rallied 12.1% on the quarter, following a quarter in which they gained 8.5%. Equities continued to rally as investors cheered the much-anticipated \$900 billion stimulus package and the start of vaccine distribution, as well as robust economic data and easy monetary policy. Both developed- and emerging-market international equities outperformed the U.S. in the fourth quarter.

After the S&P 500 sectors finished the third quarter posting moderate returns, the sectors finished the fourth quarter with stronger performance. While Consumer Discretionary, Materials, and Industrials were the top-performing sectors in Q3, returning 15.06%, 13.31% and 12.48% respectively, Energy, Financials, and Industrials were the top-performing sectors in Q4, returning 27.8%, 23.2% and 15.7% respectively. Laggards included Utilities, Consumer Staples, and Real Estate, though these still increased by 6.5%, 6.3% and 5.0% respectively.

International equities outperformed U.S. equities in the fourth quarter of 2020 despite still gaining on the back of global stimulus and amid choppy progress on the fight against the COVID-19 pandemic. The MSCI EAFE Index (a benchmark for international developed markets) advanced 16.1% for U.S. currency investors.

In the fourth quarter, the MSCI Emerging Markets Index also rallied by 19.8% for U.S.-currency investors. The MSCI Europe Index advanced 15.7% for U.S.-currency investors whereas the MSCI Japan outperformed, gaining 15.2%.

The bond market was positive for a third consecutive quarter, outperforming on an absolute but not relative basis, as investors continued to take on risk in Q4. The Bloomberg Barclays US Aggregate Bond Index, a general measure of the bond market, rose 0.67%. Interest rates remained zero-bound, as the yield on the 10-year U.S. Treasury note remained range-bound, closing the quarter at 0.91%, up from the third quarter but still down from 1.92% at the end of 2019. The shortest end of the curve fell in Q1 as the Fed cut its federal funds target rate, with the yield on three-month Treasury bills falling to 0.06% as of Q4, from 1.54% at the start of the year.

Riskier parts of the bond market, such as U.S. high-yield debt, gained the most in the fourth quarter, buoyed by the market's risk-on sentiment. The Bloomberg Barclays High Yield Index, a measure of lower-rated corporate bonds, rallied 6.45%.

EQUITY

U.S.

Fund A's U.S. equity component tracked the benchmark for the year, modestly outperforming by 0.27%. With a passively managed portfolio, this allocation will generally track the benchmark. However, underweights to certain Aerospace and Defense stocks (excluded from the portfolio due to ELCA social screening criteria) helped boost performance.

Non-U.S.

The non-U.S. equity component of Fund A, despite a modestly negative fourth quarter (in relative terms), performed strongly in 2020, outpacing the benchmark by



3.20% for the year. As was the case in the United States, growth stocks significantly led the overall market. The growth-focused managers in the non-U.S. component were well positioned for this leadership and consequently were the key drivers of the strong performance. An underweight to Energy stocks and strong stock selection in Consumer and Retail stocks were the largest contributors.

FIXED-INCOME

Investment Grade

In Q4 2020, Fund A's fixed-income portfolio returned 1.06%, outperforming the custom-bond benchmark return of 0.92%. As of Dec. 31, the portfolio's option-adjusted duration was 5.78 years, about the same level as the benchmark. The portfolio's credit quality was Aa2/AA-, compared with Aa1/AA- for the benchmark. The Investment Grade allocation ended the year up 7.06% compared with the benchmark, which returned 7.13% (-0.07% relative).

Treasury yields rose across the curve during the quarter, and the curve steepened, with yields rising most at the long end; the two-year continued to yield 0.13%, and the 30-year rose 0.19%, to 1.65%. Corporate credit spreads tightened during the quarter, to a yield of 1.74%; Treasuries yields rose to 0.93%, and the Collateralized segment yields fell to 1.25%.

High-Yield

High-yield bonds outperformed the index in Q4 2020 as credit spreads continued to tighten in the quarter. The high-yield portfolio outperformed the benchmark, returning 5.76% versus 5.54%. The High Yield Bond allocation returned 5.04% for the year, compared with the benchmark return of 5.03% (-0.04% relative).

Inflation-Indexed

Inflation-indexed bonds outperformed nominal Treasuries in Q4 2020. The portfolio and benchmark returned 1.51% and 1.62% respectively. The portfolio is managed using a full-replication approach. The Inflation-Indexed Bond portion of the portfolio returned 8.63% for the year, compared with a benchmark return of 8.59% (+0.05% relative).

GLOBAL REAL ESTATE SECURITIES

The U.S. REIT portfolio is actively managed by a single investment manager, whose portfolio outperformed the benchmark (+0.23%) on a relative basis in Q4 2020. For the quarter, the largest positive contributors to relative performance were security selection within the Free-Standing Retail and Lodging sectors. Security selection within Healthcare and Specialty names were the largest detractors to performance. Overall, security selection contributed positively to the quarterly performance

whereas sector allocation detracted.

The Global ex-U.S. REIT portfolio is passively managed by a single manager, whose portfolio showed relative returns (-0.04%) for the quarter.

ALTERNATIVE INVESTMENTS

Hedge Funds

The hedge fund portfolio had a strong quarter, generating a 5.8% return in Q4, which brought calendar-year return to 10.3% and exceeded the absolute-return benchmark for the year. Gains for the quarter were broad-based, with all strategies positive except for the quant strategy, which was modestly negative. Specifically, the Equity portion led gains, generating an 8.0% return for the quarter (contributing +3.8% to return), benefiting from the risk-on mentality following the U.S. elections/vaccine trial results in November. For the year, the Equity component generated a 22.8% return, outperforming long-only indices and significantly outperforming equity long/short HF indices too.

The Credit portion also produced strong returns and continued its recovery from Q1 2020 weakness, generating a 5.6% return and contributing 1.2% for the quarter. This portion remained just modestly negative for the year, -0.9%.

Private Infrastructure

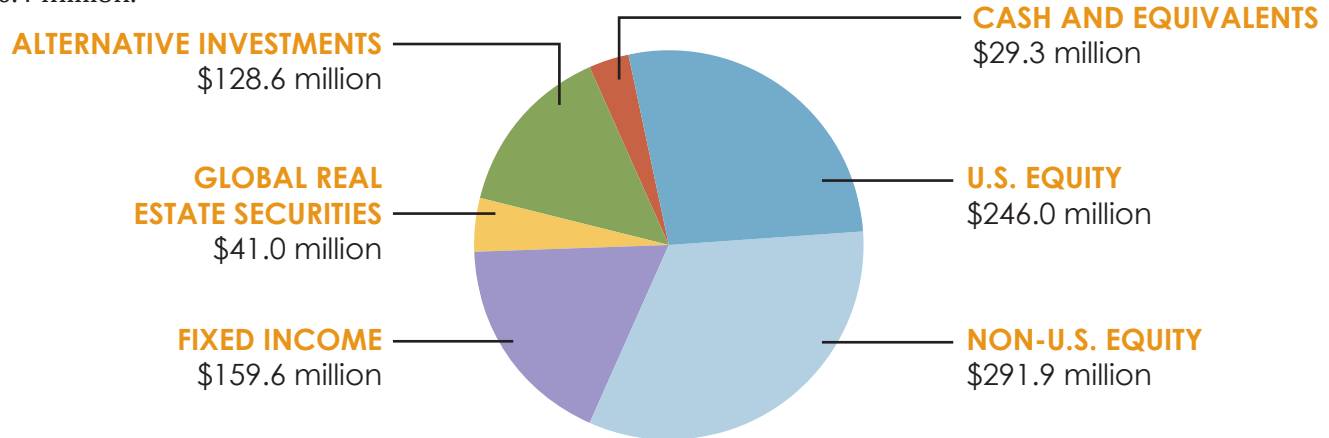
The private infrastructure allocation gained 3.7% for the quarter and 7.75% for the year ahead of the benchmark return of -5.77%. Strong portfolio diversification and high operating cash-flow margins reflecting the essential nature of the infrastructure assets will continue to support solid performance despite this uncertain backdrop. Turning to 2021, at least another six months may pass in the current operating environment before the gradual emergence of what McKinsey & Company calls the "next normal," likely in 2022. Current high levels of infection and lockdowns should be alleviated by successful global vaccine distribution alongside continued and improved safety protocols that will allow people to get back to their normal set of activities. This return to normal will be beneficial for infrastructure assets.

Private Markets

The private markets allocation returned 8.25% on the quarter and 15.07% on the calendar year. The program currently represents approximately 4.5% of Fund A's overall allocation and is targeted to become 10% over time. The portfolio consists of 17 partnerships currently.



As of December 31, 2020, Fund A Net Assets totaled \$904.2 million* and Fund A Investments totaled \$896.4 million.**



* Net Assets includes investments, deposits between monthly valuation dates, operating cash and liabilities.
 ** Pie chart represents Fund A Investment Assets only.

FUND A INVESTMENT PORTFOLIO PERFORMANCE (%) AS OF DECEMBER 31, 2020

		Q4 (%)	YTD (%)	1 YR (%)	3 YRS (%)	5 YRS (%)	7 YRS (%)	10 YRS (%)	SINCE INCEPTION	INCEPTION DATE
TOTAL FUND A¹		10.75	12.00	12.00	7.42	8.80	6.92	7.47	5.08	07/01/99
65% MSCI ACWI / 35% Bloomberg Barclays U.S. Aggregate Bond Index		9.74	13.90	13.90	8.81	9.75	7.43	7.50	5.77	
EQUITIES	Social Purpose US Equity Portfolio²	14.59	21.16	21.16	14.33	14.63	12.18	13.46	7.00	07/01/99
	Portico US Equity Benchmark ³	14.68	20.89	20.89	14.49	15.43	12.76	13.80	7.32	
	Social Purpose Non-US Equity Portfolio	16.64	14.32	14.32	6.32	10.16	6.31	6.08	7.17	04/01/04
	Portico Non-US Equity Benchmark ⁹	17.22	11.12	11.12	4.83	8.98	5.03	5.11	6.35	
FIXED-INCOME	Social Purpose Investment Grade Bond Portfolio²	1.06	7.06	7.06	5.28	4.46	4.12	3.88	5.10	07/01/99
	Portico Fixed Income Benchmark ⁴	0.92	7.13	7.13	5.32	4.52	4.18	3.98	5.21	
	Inflation Indexed Bond Portfolio	1.51	8.63	8.63	5.08	4.26	3.51	-	3.14	06/01/11
	Portico Inflation Index Benchmark ⁵	1.62	8.59	8.59	5.00	4.18	3.47	-	3.11	
	Social Purpose High Yield Bond Portfolio	5.76	5.04	5.04	5.32	7.21	5.10	6.02	7.02	07/01/03
	Portico High Yield Benchmark ⁶	5.54	5.03	5.03	5.59	7.67	5.20	6.23	7.11	
REAL ESTATE	Global Real Estate Securities Portfolio	14.39	-5.59	-5.59	3.17	4.84	6.20	6.60	7.67	03/01/04
	Portico Real Estate Securities Benchmark ⁷	14.16	-10.29	-10.29	1.09	3.18	5.33	6.49	6.92	
ALTERNATIVE INVESTMENTS	Hedge Funds	5.76	10.31	10.31	4.90	-	-	-	5.04	08/01/17
	HFRX Global Hedge Fund Index	5.11	6.81	6.81	2.67	3.29	1.72	1.27	3.05	
	Private Infrastructure Fund⁸	3.70	7.75	7.75	6.34	-	-	-	5.84	10/01/17
	S&P Global Infrastructure Index	15.03	-5.77	-5.77	2.69	7.90	5.59	6.49	3.06	
	Private Markets Fund⁸	8.25	15.07	15.07	11.19	-	-	-	10.84	09/01/17
	Cambridge Private Equity Index	0.00	7.97	7.97	10.96	12.90	11.59	12.76	12.71	

- 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.
- 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. On July 1, 2019, Endowment Fund A moved the U.S. equity allocation to the SP U.S. Stock Index Pool.
- 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 FTSE Index (40% Mortgage, 30% Credit, 25% Treasury/Government, 5% Asset-Backed) to the new Custom Bond Benchmark (40% Collateralized, 35% Credit, 25% Treasury/Government) in October 2011.
- In June 2011, Inflation Indexed Bonds were added as a component to Fund A's asset allocation. The Inflation Index benchmark changed from the FTSE Inflation Linked Securities Index to the FTSE U.S. 1-10 Year Inflation Linked Securities Index as of 12/1/2014.
- The high-yield benchmark changed from the FTSE High Yield Cash-Pay Capped Index to the FTSE BB/B Cash-Pay Capped Index as of 9/1/2012.
- 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.
- Returns for Private Infrastructure and Private Markets will be reported on a quarter lag.
- The Non-U.S. 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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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 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 the provisions of those laws and related regulations.