

ELCA ENDOWMENT FUND POOLED TRUST – FUND A

THIRD QUARTER 2021 REPORT



ELCA Foundation
Evangelical Lutheran Church in America

FUND A – THIRD QUARTER 2021 SUMMARY

During the third quarter, Fund A returned -0.47% net. The Modified Target benchmark returned -0.54% on the quarter.

Fund A performed slightly ahead of the Modified Target benchmark return but still slightly trails year-to-date. Fund A's U.S. equity allocation and real estate allocations both delivered positive returns while their benchmarks fell for the quarter. The high-yield allocation also enjoyed positive returns despite challenges within the broader fixed-income market. Fund A's hedge funds portfolio posted strong absolute and relative returns.

MARKET SNAPSHOT

The S&P 500 continued higher in Q3 2021, reporting the sixth consecutive quarter of positive returns. The index gained 0.6% in Q3 2021, following a second quarter that recorded gains of 8.6%. The end of the quarter saw the index fall 5% from all-time-high levels, but the recovery has continued as economic reopening progresses, Delta variant cases slow and labor markets strengthen.

The S&P 500 sectors finished the third quarter showing mixed results and moderate returns, with Financials, Utilities, and Communication Services outperforming and returning 2.7%, 1.8% and 1.6%, compared to Q2 2021 with returns of 8.4%, -0.4% and 10.7% respectively. Laggards included Industrials, Materials, and Energy, coming in at -4.2%, -3.5% -1.7% respectively. Other major U.S. indices were down for the quarter: The Dow Jones Industrial Average fell 1.5%, and the NASDAQ Composite fell 0.2%.

U.S. equities outperformed international in Q3 2021. The MSCI EAFE Index (a benchmark for international developed markets) declined 0.4%. In the third quarter, the MSCI Emerging Markets Index fell 8.0%. The MSCI Europe Index declined 1.5% for U.S.-currency investors whereas the MSCI Japan outperformed, rising 4.8%. The MSCI BRIC (Brazil, Russia, India and China) Index fell 11.2% in U.S. dollar terms.

The Bloomberg Barclays U.S. Aggregate Bond Index, a general measure of the bond market, rose 0.1% after rising 1.8% last quarter. The yield on the 10-year U.S. Treasury remained flat in Q3 2021 to close the quarter at 1.5%. The shortest end of the curve concluded Q3 2021 with the yield on three-month Treasury bills at 0.03%, down from the close of Q2 2021.

Riskier parts of the bond market, such as U.S. high-yield debt, had muted gains in the third quarter following strong returns in the second quarter. The Bloomberg Barclays

High Yield Index, a measure of lower-rated corporate bonds, gained 0.9%. Bloomberg Barclays Long Government/Credit ended the quarter at 0.02% after a 6.4% gain in Q2 2021.

EQUITY

U.S.

U.S. equity markets were mixed in the third quarter, with the fund benchmark returning -0.10%. However, the U.S. equity component of Fund A fared slightly better, returning 0.08%. The objective of the U.S. equity component is to track the broad U.S. equity market while observing ELCA social screens. For the quarter, the impact of these screens was positive. Not holding certain alcohol companies as well as not holding any tobacco companies were the primary contributors to strong relative performance.

Non-U.S.

Non-U.S. equity markets returned -2.56% in the third quarter. Fund A's international allocation trailed the benchmark, returning -4.06%. This portion of the portfolio has had a strong run of performance over the last three to five years, and some of the key drivers of that strong performance have reversed in 2021, leading to the challenged relative-return number year-to-date (absolute returns remain solidly positive). The portfolio is constructed to be style-neutral, yet the growth components in large and small cap have experienced very strong relative returns due in part to a historically large outperformance of growth stocks. However, returns to growth stocks have trailed value stocks in 2021, and stock selection has been a negative contributor for the growth managers.

For the quarter, stock selection was broadly negative across the board. Positions in Financials (specifically the Banks and Insurance sectors) and pharmaceutical companies detracted from performance. From a regional perspective, stock selection in Europe and Asia (specifically China) were the primary detractors.



FIXED INCOME

Investment Grade

In Q3, Fund A's investment-grade fixed-income portfolio returned -0.12%, underperforming the Bloomberg Barclays U.S. Aggregate bond benchmark return of 0.05% (-0.17% relative). As of Sept. 30, the portfolio's option-adjusted duration was 6.62 years, about the same level as the benchmark. The portfolio's credit quality was Aa2/AA-, compared to Aa1/AA- for the benchmark. The portfolio is underweight Treasuries and overweight Mortgages and Corporates. Yield-curve positioning drove most of the relative performance because some of the portfolio managers hold more concentrated positions in the middle of the curve, where yield increased the most during the quarter. The portfolio out-yields the index by roughly 5 basis points.

High-Yield

High-yield bonds outperformed relative to investment-grade fixed-income in Q3 2021, as credit spreads remained flat in the quarter. The high-yield portfolio underperformed the benchmark, returning 0.86% versus 0.91% for the benchmark (-0.05% relative). The High-Yield Bond allocation returned 9.87% for the trailing 12-month period, compared to the benchmark return of 9.54% (0.33% relative). The portfolio is overweight B credits and underweights both BB- and C-rated issues. Portfolio exposures are generally shorter than the index yet produce excess yield of 58 basis points.

Inflation-Indexed

Inflation-indexed bonds outperformed nominal Treasuries in Q3 2021. The portfolio and benchmark both returned 1.68%. The portfolio is managed using a full-replication approach.

GLOBAL REAL ESTATE SECURITIES

Fund A's global real estate securities component returned 1.01% in Q3 2021, compared to the custom benchmark return of -0.09%. U.S. REITs returned 1.25% whereas Global ex-U.S. REITs returned -2.09% for the quarter (benchmark returns). Global Real Estate Securities have returned 35.68% in the trailing 12 months.

The U.S. REIT portfolio is actively managed by a single investment manager, whose portfolio in Q3 2021 outperformed the benchmark (1.98%) on a relative basis. For the quarter, the largest positive contributors to relative performance were security selection within the Healthcare and Data Center sectors. Security selection within Apartments and Single-Family Homes was the largest detractor to performance. Overall, security selection added roughly 157 basis points to the quarterly relative performance whereas sector allocation added 41 basis points.

The Global ex-U.S. REIT portfolio is passively managed by a single manager, whose portfolio showed relative returns of 0.29% for the quarter.

ALTERNATIVE INVESTMENTS

Hedge Funds

The hedge funds portfolio returned 2.37% (net) in Q3. All five of the portfolio's strategies generated positive returns in the quarter, with the Relative Value and Equities components being the most material drivers of performance. September, in particular, was a good month for the portfolio; it generated a positive return of +37 basis points amid a significant equity market sell-off.

The Relative Value allocation (+7.2% ROR, +1.1% CTR) was the largest contributor at the strategy level, with all managers in the strategy posting positive performance.

The Equities strategy (+1.8% ROR, +0.9% CTR) further contributed to performance in the quarter. On the long side, exposure to a cloud-based software company drove performance whereas short positions in the industrials and consumer staples sectors led gains on the short side.

The Macro strategy (+4.6% ROR, +0.3% CTR) was also positive in Q3 2021. The most profitable exposures were short positions in U.S. rates and relative-value trades positioned for U.S. equity outperformance versus emerging markets and Europe.

The Credit allocation (+1.1% ROR, +0.2% CTR) posted positive performance.

The Quantitative strategy, which consists of only one position (returning +5.2% ROR, +0.2% CTR), rounded out performance for the portfolio, as exposures within the health care, information technology and industrials sectors were additive to returns.

Private Infrastructure

The private infrastructure allocation gained 1.20% on the quarter and 6.17% year-to-date; the cash yield on the portfolio is 9.6%. The private infrastructure fund that Fund A invests in received more than \$2 billion in new commitments and reinvested distributions during the quarter. Approximately \$0.2 billion was deployed in Q2, which included a 49.9% interest acquisition.

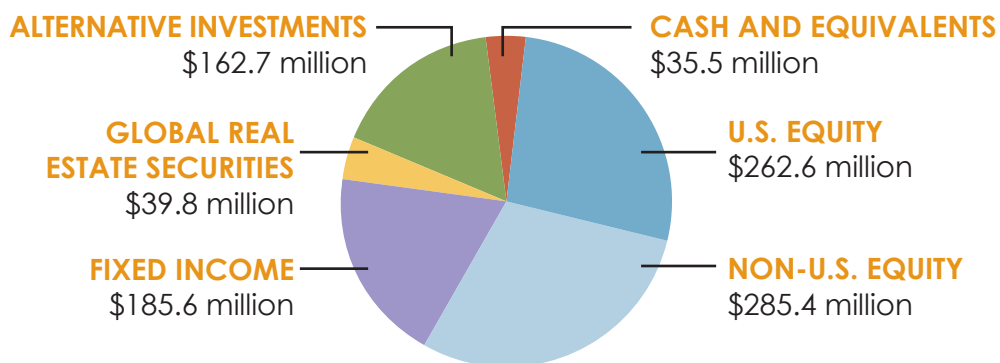
Private Markets

The private markets allocation continued to see gains in the quarter. The since-inception return of the underlying portfolio is 24.65% IRR and 1.34x TVPI multiple as of June 30, 2021 (gross of fund fees and expenses).

A secondary investment fund was the primary driver of positive net-value performance for Q2 2021. The fund generated an additional gain of \$1.6 million.



As of September 30, 2021,
Fund A Net Assets
totaled \$978.0 million*
and Fund A Investments
totaled \$971.6 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 SEPTEMBER 30, 2021

		Q3 (%)	YTD (%)	1 YR (%)	3 YRS (%)	5 YRS (%)	7 YRS (%)	10 YRS (%)	SINCE INCEPTION	INCEPTION DATE
TOTAL FUND A¹		-0.47	8.09	19.70	9.73	9.12	7.51	9.32	5.27	07/01/99
Modified Target Benchmark ²		-0.54	8.25	21.12	9.88	9.64	8.11	9.90	6.15	
EQUITIES	Social Purpose US Equity Portfolio³	0.08	15.22	32.04	16.38	16.51	13.33	16.51	7.44	07/01/99
	Portico US Equity Benchmark ⁴	-0.10	14.99	31.87	16.00	16.85	13.93	16.60	7.74	
	Social Purpose Non-US Equity Portfolio	-4.06	4.87	22.31	9.37	9.74	7.08	8.68	7.14	04/01/04
	Portico Non-US Equity Benchmark ⁵	-2.56	6.77	25.16	8.34	9.13	6.20	7.77	6.47	
FIXED-INCOME	Social Purpose Investment Grade Bond Portfolio³	-0.12	-1.51	-0.47	5.29	2.97	3.26	3.14	4.85	07/01/99
	Portico Investment Grade Benchmark ⁶	0.05	-1.26	-0.35	5.43	3.07	3.37	3.21	4.97	
	Inflation Indexed Bond Portfolio	1.68	4.14	5.71	6.56	3.92	3.50	2.84	3.31	06/01/11
	Portico Inflation Indexed Benchmark ⁷	1.68	4.08	5.77	6.49	3.88	3.44	2.81	3.28	
	Social Purpose High Yield Bond Portfolio	0.86	3.88	9.87	5.98	5.68	5.19	6.55	6.95	07/01/03
	Portico High Yield Benchmark ⁸	0.91	3.79	9.54	6.18	5.80	5.22	6.70	7.03	
REAL ESTATE	Global Real Estate Securities Portfolio	1.01	18.60	35.66	9.13	6.50	7.64	9.66	8.37	03/01/04
	Portico Real Estate Securities Benchmark ⁹	-0.09	17.11	33.69	6.43	4.65	6.22	9.11	7.58	
ALTERNATIVE INVESTMENTS	Hedge Funds	2.37	2.78	8.70	4.83	-	-	-	4.80	08/01/17
	HFRX Global Hedge Fund Index	-0.14	3.58	8.87	4.31	3.75	2.06	2.52	3.36	
	Private Infrastructure Fund¹⁰	1.20	6.17	10.10	6.94	-	-	-	6.30	10/01/17
	S&P Global Infrastructure Index	1.29	6.34	22.13	5.78	5.02	4.03	6.92	3.30	
	Private Markets Fund¹¹	7.62	23.17	33.33	13.97	-	-	-	14.46	09/01/17
	Cambridge Private Equity Index	0.00	23.12	36.25	15.87	16.69	13.57	13.96	17.19	

1. Total Endowment 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 subasset classes are net of investment manager and custodian fees and expenses as reported by the investment managers.

2. The investor-reporting portfolio benchmark changed from the Static Benchmark, comprising the MSCI All Country World Index (65%) and the Bloomberg Barclays U.S. Aggregate Bond Index (35%), to the Modified Target Benchmark on Jan. 1, 2021. The strategic asset allocation (SAA) target calls for 10% to be allocated to private markets; however, this will be funded over a period of five years. The Modified Target Benchmark was created to mimic the risk profile of the SAA target by re-weighting the underlying Target Benchmark index weights relative to the current allocation to private markets. The Target Benchmark comprises indices for Russell 3000 (25%), MSCI ACWI xU.S. IMI (29%), Bloomberg Barclays U.S. Aggregate Bond (8.0%), Bloomberg Barclays U.S. High Yield Ba/B 1% Issuer Cap (5%), Bloomberg Barclays U.S. 1-10 Year Inflation Linked (5%), Dow Jones U.S. Select Real Estate Securities (2.4%), Dow Jones Global xU.S. Select Real Estate Securities (1.6%), HFRX Global Hedge Funds (5%), S&P Global Infrastructure (5%), Cambridge Private Equity (10%) and 90 Day T-Bill (4%).

3. Endowment Fund A moved from separately managed accounts to the SP Investment Grade Fixed Income Pool as of November 2007 and to the SP U.S. Equity Pools as of December 2007. On July 1, 2019, Endowment Fund A moved the U.S. equity allocation to the SP U.S. Stock Index Pool.

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

5. The Non-U.S. Equity pool has been benchmarked to the MSCI All-Country World xU.S. IMI since July 1, 2012; prior to that, the benchmark was the standard MSCI All-Country World xU.S. Index.

6. 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 November 2020 fixed-income benchmarks switched from FTSE to Bloomberg. In April 1, 2021, this benchmark switched to 100% the Bloomberg Barclays U.S. Aggregate Bond Index.

7. In June 2011, Inflation Indexed Bonds were added as a component of 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 Dec. 1, 2014. In November 2020 it changed to the Bloomberg Barclays - U.S. TIPS 1-10 Year Index.

8. 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 Sept. 1, 2012. In November 2020 it changed to the Bloomberg Barclays - U.S. HY Ba/B 1% Issuer Cap Index.

9. Late in 2008, the Real Estate Securities benchmark transitioned from 100% to 60% Wilshire U.S. Real Estate Securities Index, adding 40% Wilshire Ex-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.

10. Private Infrastructure returns are reported on a quarter lag.

11. Private Markets returns reported on the performance table are on a time-weighted basis and on a quarter lag, except for fourth-quarter returns that are on a two-quarter lag. The commentary section may, in addition, reference the Private Markets portfolio's internal rate of return (IRR) and/or multiples such as total value versus paid in capital (TVPI).



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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 invests 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.