



ELCA Foundation

MINISTRY GROWTH FUND – FOURTH QUARTER SUMMARY

During the first quarter, the Ministry Growth Fund returned 4.4% on a net basis, while the Target Benchmark also returned 4.4% over the same period. The biggest contributor to the Ministry Growth Fund's returns for the quarter was the U.S. equity allocation, which returned 10.2% vs. a benchmark return of 10.0%. Hedge Funds performance also contributed meaningfully to the portfolio's performance, returning 5.2% vs. a benchmark return of 2.5%. Additional detail on each component of the Fund is shown below.

MARKET SNAPSHOT

For the quarter, and much of recent history, it has paid to be a stock market bull rather than a bear. The stock market started the year with a bang, remaining unbothered by potential external signs of instability and has continued to march higher.

The U.S. large cap stocks—i.e., S&P 500 Index—advanced to a record high and credit risk premiums tightened to near record lows. These gains humbled stock market bears who raised alarm bells in recent months due to historically elevated valuations, stubbornly elevated inflation, an unsustainable U.S. fiscal trajectory, and an unsettling geopolitical stage.

International equities lagged domestic, as regional conflicts in Eastern Europe and the Middle East, paired with lackluster economic performance across Europe and China, helped weigh on investor sentiment.

Performance in the bond market was mixed, with rate-sensitive sectors like investment-grade credit and Treasuries witnessing declines, while shorter duration, below-investment-grade credit sectors such as high yield and bank loans eked out low single-digit returns.

Real estate securities declined modestly following Fed Chairman Jerome Powell's announcement that the Fed may not cut rates to the extent that markets expected in 2024. Meanwhile diversifying strategies were in the black, with the HFRX Global Hedge Fund Index generating a quarterly return of 2.5%.

GLOBAL EQUITY

U.S.

The U.S. equity component of the Ministry Growth Fund returned 10.2% for the quarter versus the Russell 3000 index's 10.0%. Communication services and information technology sectors continued to have strong returns.

The Ministry Growth Fund's U.S. equity is designed to align closely with the index; however, there are some deviations due to the ELCA Corporate Social Responsibility (CSR) screens. For the quarter, tracking error—the measure of how different the portfolio performance is from the benchmark—was minimal.

Non-U.S.

International markets underperformed the U.S. but still delivered strongly positive returns of 5% for the quarter and outperformed the benchmark at 4.2%. Similar to other equity markets around the world, the information technology sector led returns due to AI demand. While China rebounded in February and produced positive absolute returns in March, developed markets still outperformed emerging markets.

The relative outperformance of the non-U.S. component of the Ministry Growth Fund vs. the benchmark was driven primarily by active manager decisions to overweight and underweight specific countries, sectors, and capitalization structures.



FIXED INCOME

Fixed income performance in the first quarter was mixed. The Federal Reserve Open Market Committee (FOMC) maintained the Fed Funds target range of 5.25 – 5.50%, and further suggested rate cuts were not likely for the quarter. The news contributed to rate-sensitive sectors like investment-grade credit and treasuries witnessing declines.

Investment Grade

The Ministry Growth Fund's investment grade portfolio returned -0.7% for the quarter, slightly ahead of the Bloomberg U.S. Aggregate Bond Index benchmark return of -0.8%. This was closely aligned with the benchmark. Characteristics of the fund, such as duration (6.2) and credit quality (Aa2/AA), are similar to the benchmark.

High-Yield

As rates fell during the quarter, risk appetites rose. High-yield corporate spreads continued to tighten during the quarter. While tight spreads indicate limited upside for price appreciation, the higher return of these bonds can help insulate investors from losses even if spreads widen significantly. This increase in demand resulted in positive high-yield returns higher than investment-grade corporate returns.

The Ministry Growth Fund's high-yield portfolio returned 1.3% during the quarter, equal to the benchmark returns of 1.3%. The portfolio's option-adjusted duration is generally in line with the index.

Inflation-Indexed

The inflation-indexed bond portfolio return was 0.8% for the quarter. The portfolio is managed using a nearly full-replication approach, which results in a negligible deviation from the benchmark.

GLOBAL REAL ESTATE SECURITIES

REIT markets continue to closely monitor Fed messaging and the expectations of future interest rate moves. The Ministry Growth Fund's global real estate securities component returned -2.0% for the quarter, trailing the custom benchmark return of -1.7%.

Underperformance for the quarter was driven by U.S. real estate securities, which are actively managed. Given the current macroeconomic environment, the expectation was that underlying management teams would be conservative in earnings expectations. However, a few key holdings came in even more conservatively than expected. Stock selection was the primary detractor, with Industrial and Apartment REITs pacing the decline. Sector allocations partially offset the selection impact, with overweights to Data Centers and Single-Family Homes contributing positively. Non-U.S. real estate securities are currently accessed passively.

ALTERNATIVE INVESTMENTS

Hedge Funds

The hedge fund portfolio returned 5.2% on a net basis for the first quarter versus the HFRX Global Hedge Fund Index return of 2.5%. Long/short equity was the most material driver of performance, given its higher correlation to equities. All other strategies—including relative value, credit, global macro, and multi-strategies—also contributed positively to returns, bolstered by strong active management within the funds.

Private Infrastructure

Given their valuation process, private funds provide performance updates on a lag. As such, the most recent available performance is through the fourth quarter. The private infrastructure allocation returned 5.4% for the quarter versus the S&P Global Infrastructure Index return of 10.9% for the same period.

The key driver of underperformance for the quarter primarily reflected the strength more broadly of public equity markets over the period as opposed to any specific challenges with the Fund. However, the Fund has significantly outperformed the benchmark on a trailing one-year period, returning 11.4% vs. benchmark returns of 2.7%.

Private Markets

Fourth quarter returns were not available at the time of this report which is why time-weighted returns on the following table show 0.0% return.

Although fourth quarter performance is not available yet, it is expected to be positive, in the low single digits, although this is subject to change. Like private infrastructure, private markets could not keep pace with the strength of the public markets in 2023, but still contributed positively to absolute returns.

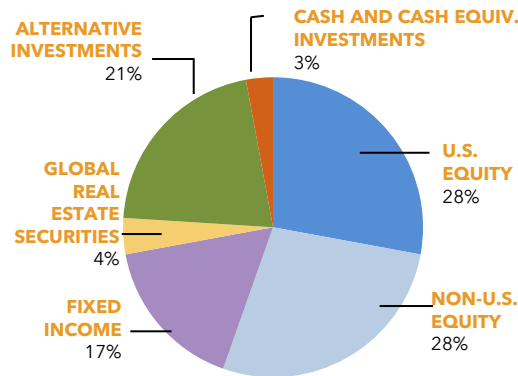
Since inception, the private markets allocation of the Ministry Growth Fund has returned a net internal rate of return (IRR)¹ of 12.1% and a net total value to a paid-in multiple² of 1.3x (as of 9/30/23).

¹ The Internal Rate of Return (IRR) is the yearly interest rate at which the money the Fund has invested would break even, considering the returns the Fund expects to receive over time. ² The Paid-In Multiple compares the total value generated by an investment, including distributions and remaining value, to the amount initially invested capital. The higher the multiple, the better.

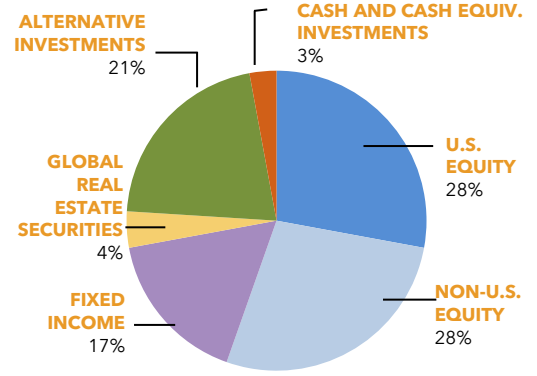


As of March 31, 2024, the Ministry Growth Fund market value totaled \$1.1 billion.*

CURRENT ASSET ALLOCATION



TARGET ASSET ALLOCATION



* Market value includes investments, deposits between monthly valuation dates, operating cash, and liabilities.

MINISTRY GROWTH FUND INVESTMENT PORTFOLIO PERFORMANCE (%) As of March 31, 2024

	Q1 2024	2024 YTD	1 YR (%)	3 YRS (%)	5 YRS (%)	7 YRS (%)	10 YRS (%)	SINCE INCEPTION	INCEPTION DATE	
MINISTRY GROWTH FUND¹	4.4	4.4	13.6	3.8	7.2	6.8	6.1	5.0	07/01/1999	
Target Benchmark ²	4.4	4.4	13.4	4.5	7.7	7.7	7.0	6.0		
EQUITY	Social Purpose U.S. Equity Portfolio³	10.2	10.2	30.4	10.1	14.8	13.4	12.0	7.6	07/01/1999
	Portico US Equity Benchmark ⁴	10.0	10.0	29.3	9.8	14.3	13.4	12.3	7.8	
	Social Purpose Non-U.S. Equity Portfolio	5.0	5.0	13.8	0.3	6.2	6.0	4.8	6.3	04/01/2004
	Portico Non-US Equity Benchmark ⁵	4.2	4.2	13.0	1.7	6.0	5.8	4.3	5.7	
FIXED INCOME	Social Purpose Investment Grade Bond Portfolio³	-0.7	-0.7	2.3	-2.4	0.4	1.1	1.6	4.0	07/01/1999
	Portico Fixed Income Benchmark ⁶	-0.8	-0.8	1.7	-2.5	0.4	1.1	1.6	4.1	
	Inflation Indexed Bond Portfolio	0.3	0.3	1.7	0.9	3.1	2.7	2.5	2.6	06/01/2011
	Portico Inflation Index Benchmark ⁷	0.3	0.3	1.6	0.8	3.0	2.6	2.4	2.5	
	Social Purpose High Yield Portfolio	1.3	1.3	10.1	1.8	3.4	3.8	3.9	6.2	07/01/2003
Portico High Yield Benchmark ⁸	1.3	1.3	10.2	2.1	3.6	4.0	4.0	6.3		
REAL ESTATE	Global Real Estate Securities Portfolio	-2.0	-2.0	6.7	0.7	2.1	3.7	4.5	6.8	03/01/2004
	Portico Real Estate Benchmark ⁹	-1.7	-1.7	8.0	0.3	0.6	2.5	3.8	6.1	
ALTERNATIVE INVESTMENTS	Hedge Funds	5.2	5.2	14.5	5.6	5.6	-	-	4.7	08/01/2017
	HFRX Global Hedge Fund Index	2.5	2.5	5.7	1.1	3.4	-	-	2.3	
	Private Infrastructure Fund¹⁰	5.4	5.4	11.4	6.4	7.2	-	-	6.7	10/01/2017
	S&P Global Infrastructure Benchmark ¹¹	10.9	10.9	2.7	6.8	5.1	-	-	5.2	
	Private Markets Fund¹²	0.0	0.0	4.6	13.4	11.4	-	-	11.4	07/01/2017
Cambridge Private Equity Index	0.0	0.0	7.1	12.9	14.8	-	-	14.7		

- The ELCA Endowment Fund Pooled Trust's ELCA Endowment Fund "A" was renamed the Ministry Growth Fund, effective November 1, 2021. Total Ministry Growth Fund returns are net of investment-manager and custodian fees and expenses, as well as the Foundation's 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.
- The Target Benchmark is composed of: Russell 3000 (25%), MSCI ACWI xUSA IMI (29%), Bloomberg Barclays U.S. Aggregate (8%), Bloomberg U.S. High Yield Ba/B 1% Issuer Cap (5%), Bloomberg U.S. 1-10 Yr Inflation Linked (5%), DJ U.S. Select Real Estate Securities (2.4%), DJ Gib xUSA Select Real Estate Securities (1.6%), HFRX Global Hedge Funds (5%), S&P Global Infrastructure (5%), Cambridge U.S. Private Equity (10%), and FTSE 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 composed of: Russell 3000 index (27%), MSCI ACWI xUSA 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 (3%), and Cambridge Private Equity index (10%). Historical benchmark returns prior to July 2017 have been provided by Portico Benefit Services.
- The Ministry Growth Fund 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, the Ministry Growth Fund 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 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.
- 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. On April 1, 2021, this benchmark switched to 100% the Bloomberg U.S. Aggregate Bond Index.
- In June 2011, Inflation Indexed Bonds were added as a component of the Ministry Growth Fund'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.
- 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.
- 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.
- Private Infrastructure returns are reported on a quarter lag.
- Starting in 2023, The S&P Global Infrastructure Benchmark went from the Hedged S&P Global Infrastructure Index to the unhedged S&P Global Infrastructure Index.
- 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 – Ministry Growth 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. The ELCA promotes investment in the Endowment Fund Pooled Trust through the ELCA Foundation.

The Ministry Growth Fund is administered by the Endowment Fund of the ELCA dba ELCA Foundation.

SOCIAL PURPOSE INVESTING

The Ministry Growth Fund'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, the Ministry Growth Fund 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 THE MINISTRY GROWTH FUND

You should carefully consider the target asset allocations, investment objectives, risks, charges and expenses of any fund before investing in it. The Ministry Growth Fund is subject to risk. Past performance cannot be used to predict future performance. The Ministry Growth Fund 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 the Ministry Growth Fund 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.