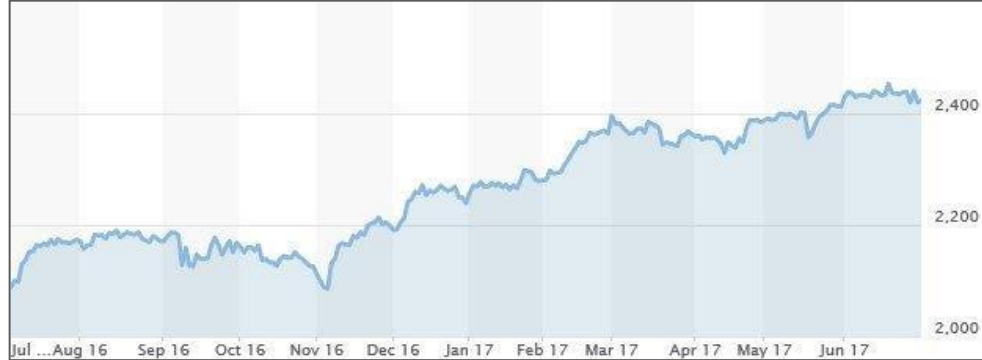


**MENNONITE EDUCATION AGENCY
INVESTMENT COMMITTEE
JUNE 30, 2017 QUARTERLY REPORT**

CAPITAL MARKETS

S&P 500 index July 1, 2016 – June 30, 2017

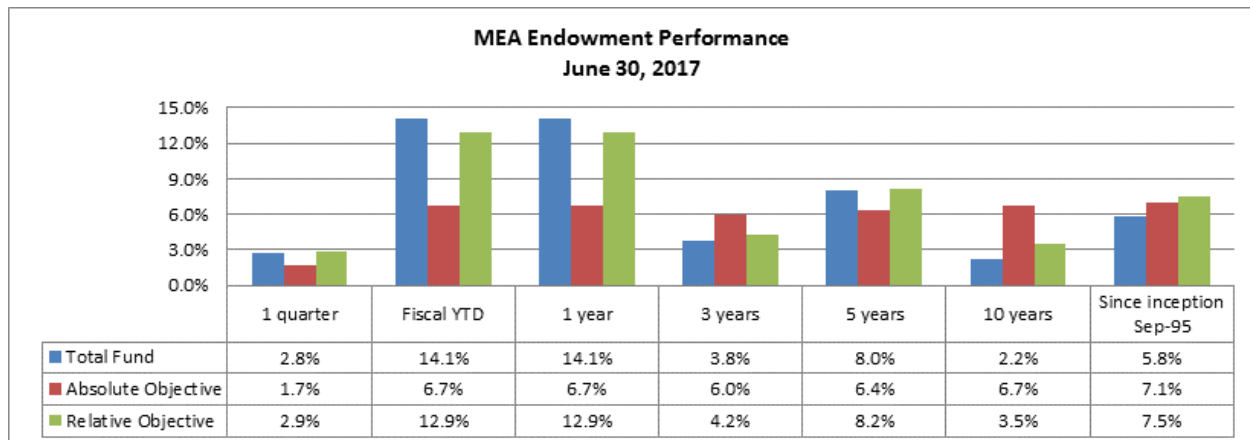
Global equity markets continued to move higher in June, closing out a strong first six months of 2017. Performance for June was led by Asian emerging



markets and a robust banking sector. This was countered by Europe, along with technology stocks, which posted losses. Investors favored high beta and volatility over quality styles. Economic growth moderated in the US and China, while readings from the Eurozone and Japan surprised on the upside. (Source: Mercer Market Summary – June 2017)

PERFORMANCE

Fund performance relative to the absolute and relative objectives is illustrated on the graph below. One point of reference is that the committee changed investment consultants (to Mercer Investment Consulting) in the fall of 2009. Note that performance is reported net of fees.



¹ The Absolute Objective consists of an 8% annual return through 6/30/2000, CPI + 3.5% from 7/1/2000 through 12/31/2004 and CPI + 5% from 1/1/2005 through current

²The Relative Objective consists of 25% S&P 500, 20% Russell Mid Cap, 20% Russell 2000, 20% MSCI EAFE, 10% NCREIF, 5% BC Aggregate prior to July 1, 2010; then 22% S&P 500, 8% Russell Mid Cap, 6% Russell 2000, 22% MSCI EAFE, 7% MSCI EM Gross, 5% BoA HY, 6% NCREIF ODCE, 5% Mennonite PE Actual and 19% BC Aggregate between July 1, 2010 and November 1, 2010; then 16.5% S&P 500, 7.5% Russell Mid Cap, 6% Russell 2000, 20% MSCI EAFE, 10% MSCI EM Gross, 5% BoA HY BB-B Constrained, 6% NCREIF ODCE, 16.5% BC Aggregate, 5% Mennonite PE Actual and 7.5% DJ USB Commodities Index between December 1, 2010 and June 2012; then 16.5% S&P 500, 7.5% Russell Mid Cap, 6% Russell 2000, 20% MSCI EAFE, 10% MSCI EM Gross, 5% BOA ML HY BB-B Constrained, 6% NCREIF ODCE, 16.5% BC Aggregate, 5% Mennonite PE Actual, 5% DJ UBS Commodities Index and 2.5% 3 Month-Bill between July 1, 2012 and March 31, 2013; then 16.5% S&P 500, 7.5 Russell Mid Cap, 6% Russell 2000, 20% MSCI EAFE, 10% MSCI EM Gross, 5% BoA ML HY BB-B Constrained, 6% NCREIF ODCE, 11.5% BC Aggregate, 5% Ashmore EM Custom, 5% Mennonite PE Actual, 5% DJ UBS Commodities Index and 2.5% 3 Month T-Bill between April 1, 2013 and June 30, 2013. Effective July 1, 2013 the Relative Objective consists of 15.5% S&P 500, 6.5% Russell Mid Cap, 5% Russell 2000, 17% MSCI EAFE, 10% MSCI EM Gross, 5% BoA ML HY BB-B Constrained, 3% NCREIF ODCE, 7.5% BC Aggregate, 5% Ashmore EM Custom, 10% Mennonite PE Actual, 3% DJ UBS Commodities Index, 10% CPI + 6.5% and 2.5% 3 Month T-Bill.

INVESTMENT COMMITTEE UPDATES

- The Mennonite Education Agency (MEA) Investment Committee met May 12, 2017 in Denver, Colorado. The committee welcomed its newest member, Aaron Ziulkowski. Aaron lives in Boston, MA and works as a senior ESG (environmental, social and governance) analyst with Walden Asset Management.
- After interviewing three international equity investment managers, the committee selected Fiera Capital as an international EAFE manager to replace Davy Asset Management.
Background:
 - Davy's less-than-stellar performance combined with considerable turnover in its ownership structure prompted a proactive review of other candidates for non-US developed investment managers. MEA held a separate account with Davy in order to use Everence's social screens/restricted lists. However, the market for SRI strategies has continued to grow and a shift to commingled vehicles with alignment to MEA's social policies is now possible, allowing a reduction in fund complexity and fees associated with custodians and taxes.
 - The investment with Fiera Capital will be in a pooled vehicle rather than a separate account. Fiera is a Montreal-based company created in 2003. It began with \$5 billion in assets and is now up over \$85 billion. The investment team employs bottom-up fundamental research to identify quality companies displaying strong franchises, the potential for superior returns on capital and earnings growth, and attractive valuations. The portfolio is highly concentrated and is not benchmark sensitive. The firm is a signatory to the UN Principles for Responsible Investment.
- After faithfully serving on the MEA Investment Committee since the early 1990s, Tom Bishop termed out as a member of the committee. All committee members extended warm wishes to Tom, along with great thanks for his contributions to the committee.
- Future meetings of the MEA Investment Committee:
 - October 20, 2017 (with Business Officers): O'Hare area - Chicago, Illinois
 - March 2-3, 2018: location to be determined
 - May 18, 2018: location to be determined