CAPITAL MARKETS
Global equities traded lower in June, closing out another turbulent month. Losses were driven by emerging markets, specifically Brazil and China, while North American and Australian markets edged higher. In recent weeks, rising trade tensions dominated the headlines although market pressure eased somewhat after the U.S. administration indicated it would pursue a more nuanced stance on tariffs. Market volatility remained fairly contained despite a number of additional geopolitical challenges. Source: Mercer Market Summary – June 2018

PERFORMANCE
Fund performance relative to the absolute, actual 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.

2 The Actual Benchmark measures the Total Fund’s return had it been passively invested in the underlying managers’ benchmarks at the prior month end weight.

3 The Relative Objective consists of 25% S&P 500, 20% Russell Mid Cap, 20% Russell 2000, 20% MSCI EAFE, 10% MSCI EM Gross, 5% Bloomberg Commodities Index and 2.5% 3 Month T-Bill.

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% Bloomberg Commodities Index and 10% HFRI Fund of Fund Composite Index.
INVESTMENT COMMITTEE UPDATES

- The Mennonite Education Agency (MEA) Investment Committee (Committee) met June 1, 2018 in Goshen, Indiana.

- The MEA Investment Fund’s (the Fund) commitment model calls for $6.2 million to be invested in private investments over the 2018 and 2019 fiscal years to achieve the 10% policy target while maintaining vintage year diversification. Mercer (consultant to the Fund) introduced the idea of incorporating private debt into the portfolio. A sub-committee was formed to give leadership to the private investment space in consultation with Mercer staff and to bring a recommendation to the next meeting.

- An action was taken to rebalance the Total Fund to the target asset allocation by reducing holdings in U.S. equities by $2 million and adding $1 million to Praxis Fixed Income and $1 million to PIMCO All Asset All Authority.

- The Committee met with the Goshen College Board of Directors. The discussion included performance review, committee structure, fiduciary responsibility, risk management and Goshen College investment committee representation.

- Chris Meyer (Everence) reviewed the four areas in which Everence provides stewardship investing services for the Fund including portfolio screening, shareholder advocacy, proxy voting and additional services [relationship with ICCR (Interfaith Center on Corporate Responsibility), investing education & support for institutional engagement with issues].

- Phil Rich and Jim Histand completed their terms on investment committee. Phil served as chair for 25 years and Jim served for 21 years and as secretary for the last eight years. The committee expressed its deep appreciation to both Phil and Jim for their years of service. Note: The nominating committee will be working to fill these committee vacancies. If you have recommendations for candidates with expertise in finance, investing, law, accounting or socially responsible investing to serve on the Investment Committee, please contact Lisa Heinz.

- For the 2018-2019 fiscal year John Liechty will serve as MEA Investment Committee Chair. JB Miller will serve as vice chair and Katie Villegas as secretary.

- The Committee recognizes the need for improved communication with investors in the Fund. Committee representatives hope to meet with investors least every other year. Please feel free to contact Lisa Heinz (information below) to set up a time.

- JB Miller and Lisa Heinz were pleased to be able to meet with Virginia Mennonite Mission via video conferencing on June 29.

Future meetings of the MEA Investment Committee

- October 1, 2018: Chicago, Illinois (Annual meeting - representatives of pool participants with at least $1 million in funds are encouraged to attend.)
- March 1, 2019 Sarasota, Florida
- June 3, 2019 Location to be determined

Note: Prior to 2008 there were no term limits for committee members. In 2008 four-year term limits with possible reappointment for two additional four-year terms were set.