CAPITAL MARKETS

Financial markets were choppy in the third quarter, buffeted by some familiar themes: on again/off again U.S.-China trade war headlines, weak global growth, recession fears and central bank monetary policy.

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.
INVESTMENT COMMITTEE UPDATES

• The Mennonite Education Agency (MEA) Investment Committee met September 15-16, 2019 in St Louis, Missouri.

• The September 15, Sunday afternoon workshop focused on ESG (Environmental, Social and Governance) issues & climate change. The Committee concluded that we have an obligation to consider climate change and its impacts as part of our fiduciary duty and that we have a moral obligation to attempt to help address the problem and to minimize our contribution to the problem through our investment strategies. There is a commitment to continuously seek to improve our ability to assess climate risks and opportunities and their impact on the MEA investment portfolio.

• Following the Sunday workshop, a subcommittee was appointed to develop specific strategies to quantify the climate change risk in the portfolio and to seek ways to mitigate the risk.

• Monday’s meeting included a report from Mark Regier, Vice-President of Stewardship Investing at Everence. Mark shared highlights from recent shareholder advocacy work focused on climate risk, human rights standards, private prison financing, modern slavery and board diversity. He summarized the proxy voting report, noting that 4,821 resolutions were voted on MEA Investment Committee’s behalf.

• A subcommittee was also named to explore options and make recommendations regarding the U.S. equity portion of the MEA portfolio.

• Business officers from institutions holding at least $500,000 in the fund are invited to attend the fall investment committee meeting. Representatives from Eastern Mennonite University, Hesston College and Goshen College attended and were asked to respond to the following:
  1. Is your institutional board and leadership satisfied with the level of reporting? If not, how could we improve it?
  2. Are there specific ways we could improve the level of service provided to investors?
  3. What does the Investment Committee need to know related to your campus circumstances? (or stated differently, if you had total control of your investments are there decisions/directions in which you’d go differently?)

Business officers from AMBS and Bluffton University were unable to attend but submitted responses.

• Several investment committee members also attended the Mercer client conference September 16-18, 2019 following the investment committee meeting. The conference theme was “The Shape of Things to Come: Braving the Elements, Surfing the Late Cycle”.

Future meetings of the MEA Investment Committee
• January 24-25, 2020
• May 18, 2020
• September 21, 2020

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