

**MENNONITE EDUCATION AGENCY
INVESTMENT COMMITTEE
December 31, 2019 QUARTERLY REPORT**

CAPITAL MARKETS

Stocks around the world closed out one of their best years over the past decade, defying money managers who began 2019 expecting the bull market to be upended by threats from the U.S.-China trade fight and a slowdown in growth.

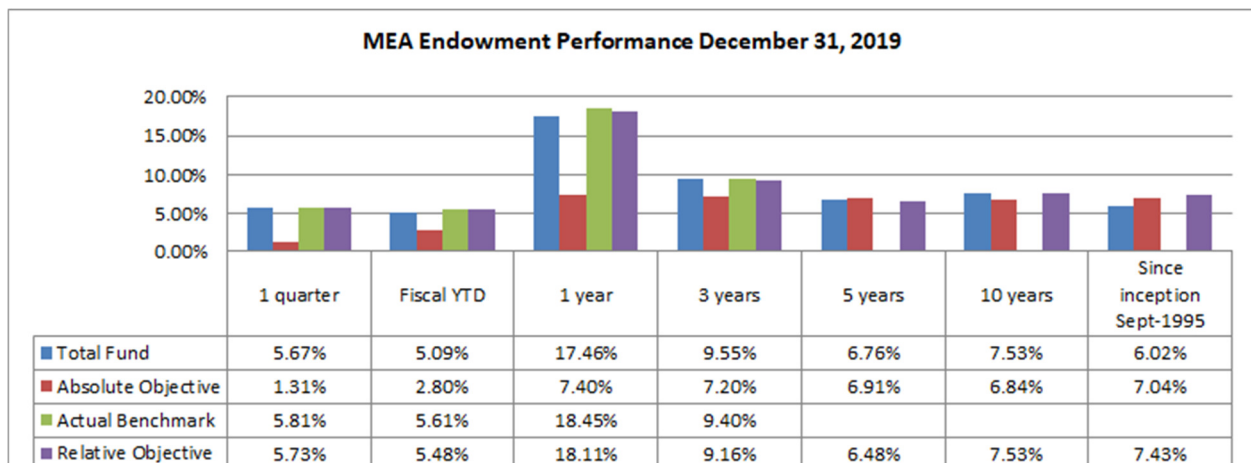
Recall that in 2018, nearly every investable asset class delivered negative returns. In contrast, nearly all investment classes delivered solid, positive returns in 2019.

S&P 500 January 1, 2019 – December 31, 2019



PERFORMANCE

Fund performance relative to the absolute, actual and relative objectives is illustrated on the graph below. Note that performance is reported net of fees.



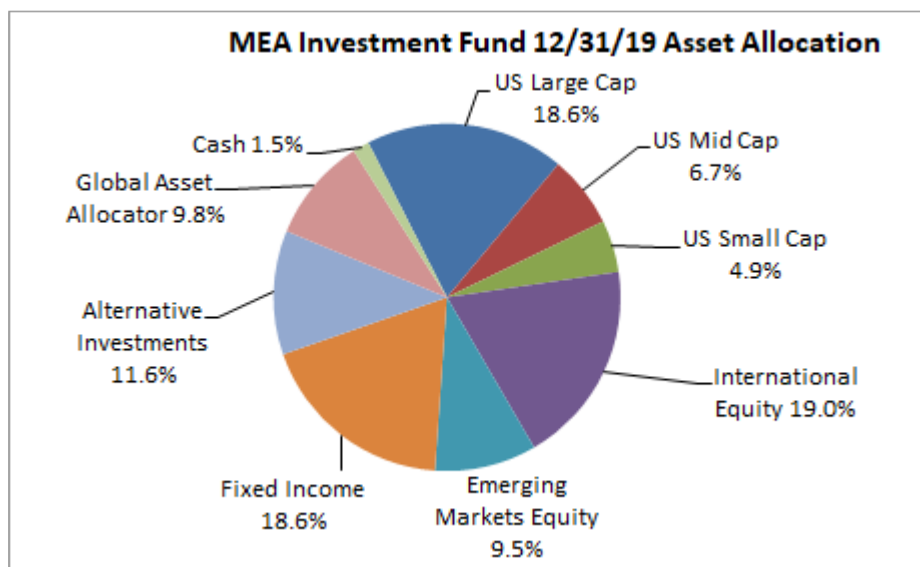
¹ The Absolute Objective consists of an 8% annual return through 6/30/2000, CPI + 3.5% from 7/1/2000 through 12/31/2004 and CPI + 5% from 1/1/2005 through current.

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% 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% BBgBarc Aggregate between July 1, 2010 and November 30, 2010; 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% BBgBarc Aggregate, 5% Mennonite PE Actual and 7.5% Bloomberg Commodities Index between December 1, 2010 and June 30 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% BBgBarc Aggregate, 5% Mennonite PE Actual, 5% Bloomberg Commodities Index and 2.5% 3 Month T-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% BBgBarc Aggregate, 5% Ashmore EM Custom, 5% Mennonite PE Actual, 5% Bloomberg 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% BBgBarc Aggregate, 5% Ashmore EM Custom, 10% Mennonite PE Actual, 3% Bloomberg Commodities Index, 10% HFRI Fund of Fund Composite Index and 2.5% 3 Month T-Bill.

INVESTMENT COMMITTEE UPDATES

- Following the September 15-16, 2019 full MEA Investment Committee (the Committee) meeting, two subcommittees have been hard at work, meeting a total of seven additional times, focusing on the following:
 - The ESG (environmental, social and governance) Subcommittee drafted a Climate Statement and Action Items document which aims to clarify what the Committee knows about climate change, how the issue intersects with the Committee's work as investment fiduciaries and identifies potential priorities for action. This draft was taken to the January 24-25, 2020 meeting for input from the Committee. More information on this will be included in the March 2020 MEA Investment Committee Report.
 - The Investment Manager Search Subcommittee vetted and invited three emerging markets candidates for presentations at the Committee's January 24-25, 2020 meeting. The subcommittee paid close attention to emerging markets strategies that had a dedicated methodology to invest in socially aware companies and included an ESG framework when analyzing risks within their portfolios. Other considerations were investment strategies, portfolio size and turnover, fees, risk and performance.
 - The Investment Manager Search Subcommittee also delved into domestic equities with the objective of interviewing managers at the Committee's May 2020 meeting. Passive, mutual, commingled and actively managed funds are all being considered as the subcommittee searches for the best manager to provide near benchmark returns net of fees while adhering closely to the Committee's values.
- The asset allocation of the MEA investment fund as of 12/31/19 was:



Future meetings of the MEA Investment Committee

- May 17-18, 2020
- September 21, 2020
- January 29-30, 2020