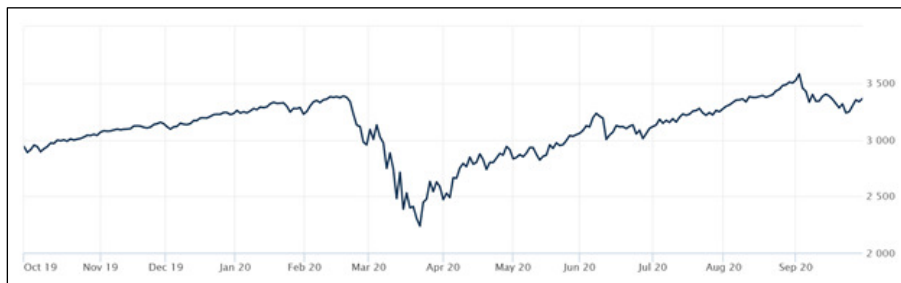


CAPITAL MARKETS

S&P 500 October 1, 2019 – September 30, 2020

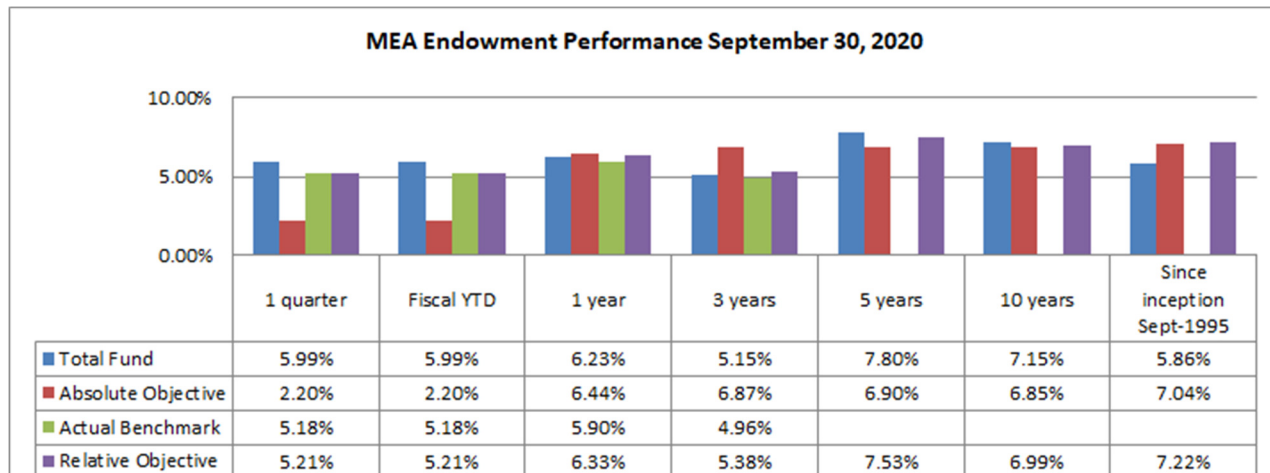
In September 2020 risk assets had their worst month since March, even though the sell-off was comparatively minor and markets started to stabilize towards month end. Global equity markets remain in positive low single digit



territory year-to-date in spite of ending the month with negative returns. Economic data suggests that the pace of the recovery has started to slow which could mean that the easy bit of the recovery is behind us. As long as restrictions remain in place, it will be challenging to recover the remaining output lost over the year. The Congressional Budget Office downgraded its annual real GDP growth projection for the decade ahead. (Source: Mercer Monthly Capital Market Monitor)

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

- The ESG (Environmental, Social and Governance) subcommittee of the MEA Investment Committee (the Committee) continues to be hard at work including:
 - Switching proxy voting services to Aperio, the new domestic equity manager that provides proxy voting services for no additional fee. This will save the Fund \$24,000 annually.
 - Reaffirming Everence as our primary partner in engagement with US-based companies, and less formally through our international equity managers for engagement with those companies.
 - Reaffirming time on the agenda for Everence to report to the full Committee on engagement activities once a year.
 - Receiving public policy sign-on letter opportunities for consideration. The ESG subcommittee has been granted authority to sign statements on behalf of the Committee.
- The Committee evaluated its relationship with Mercer consulting, communicating its appreciation for the good service Mercer provides the committee as well as suggesting areas of improvement for two-way communication.
- In July the Committee submitted a letter to the US Department of Labor in opposition to a proposed rule entitled “Financial Factors in Selecting Plan Investments” (RIN 1210-AB95) (the “Proposal”). The Committee believes the proposal would place a substantial burden on fiduciaries wishing to offer prudently selected ESG-themed investments to their participants. It also unduly targets ESG-themed investments for additional scrutiny when their risk profiles are like other equivalent investments. Further, it is likely to dissuade fiduciaries, even against their better judgment, from offering options for their plans that consider ESG factors as part of the evaluation of material financial criteria. As a result, it would unfairly and harmfully limit plan diversification and perhaps compel plan participants to choose options that are either more risky or less profitable.

The Proposal is specifically targeted at private sector employer sponsored retirement plans, but the Committee believes that if enacted, it could potentially inhibit the use of ESG themed investments in other institutional investment portfolios, including university endowments. The DOL announced the final rule on October 30, which was largely unchanged from the Proposal other than the removal of the term “ESG”, choosing instead to refer to investments with “non-pecuniary” benefits. The results of the Presidential election are likely to impact the rule, but administrative processes will limit how quickly that could happen.

- On September 21 the Committee met for a full day via Zoom. Agenda items included:
 - Performance review as of June 30: The MEA Investment Fund advanced 13.6% in the second quarter of 2020, outperforming both the Relative Benchmark (+12.5%) and the Actual Benchmark (12.3%). See descriptions of the benchmarks on page one.
 - Business officers from Anabaptist Mennonite Biblical Seminary, Bethel College, Eastern Mennonite University, Hesston College, Goshen College and Lancaster Mennonite Schools provided reports to the Committee and participated in the meeting.
 - The Committee added Neuberger Berman Secondary Opportunities Fund V as another private equity investment. They seek to actively integrate ESG factors into their private equity diligence for both fund and direct investments. They received an A+ rating for both 2019 Assessment Report on ESG Strategy and Governance as well as Indirect Private Equity.

Future meetings of the MEA Investment Committee

- January 29-30, 2021
- May 17, 2021
- September 20, 2021

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