

**PRESBYTERIAN MISSION AGENCY BOARD**

**October 7-9, 2020**

**Presbyterian Foundation**

**ITEM A.205  
FOR INFORMATION**

**Subject: A Corp - Presbyterian Mission Agency Investment Review for Period Ending August 31, 2020**

PRESBYTERIAN MISSION AGENCY BOARD

October 7-9, 2020

Presbyterian Foundation



# A Corp - Presbyterian Mission Agency

## Investment Review

For period ending  
August 31, 2020

*Presented by*

Anita Clemons, CFP

Vice President & Managing Director of Investments

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# Executive Summary

## Performance

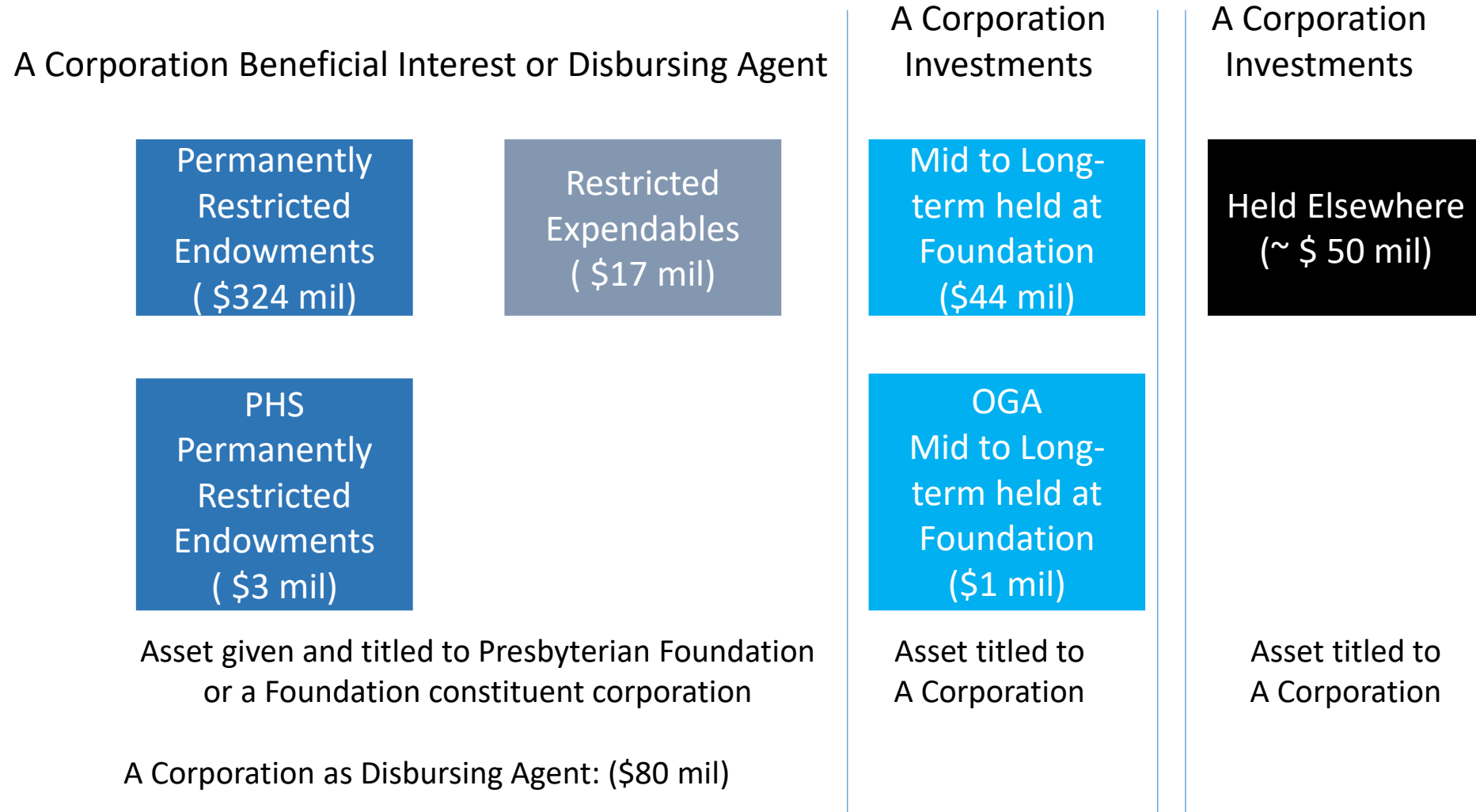
- Stocks posted their 5<sup>th</sup> straight month of gains in August and it was the best August since 1984 for equities. Bonds were up a fraction.
- All portfolios have gained since the March COVID lows. Equities are up strong and bonds have also contributed to returns.
- The New Covenant Fund mix is up 9.43% vs. 8.83% for the index at 3 months ending 8/31/20. The all stock Growth Fund is up 15.95% and the all bond Income Fund up 1.9% comparing well to peers for the same time period.
- The Presbyterian Endowment Fund (PEF) is up 10.3% vs. 9.6% for the index at 3 months ending 8/31/20. Historical comparisons to peers is favorable across multiple time periods.

## Investment Strategy

- New Covenant Funds Equity is passively managed to the Russell 3000 stock index. New Covenant Fixed Income is actively managed to the Intermediate Aggregate Bond Index. SEI is the Investment Advisor for New Covenant Funds.
- With the oversight of Northern Trust, the Presbyterian Endowment Fund is managed with a mix of passive and active managers in US Equity, International Equity, Fixed Income, Real Assets and Private Equity.
  - The portfolio distributions are calculated on a Spending Formula which is currently 4.25% of a 20- quarter rolling average with an 18 Month Lag (2013-2018).
    - The 20 quarters are used for smoothing of distributions over time.
    - The 18- month lag allows the Mission Agency to budget expected distributions.
- All Portfolios are in compliance with Socially Responsible guidelines of PCUSA:
  - Positive Screens for ESG (Environmental, Social & Governance)
  - Negative Screens for alcohol, tobacco, weapons, gambling, for profit prisons and human rights offenders.

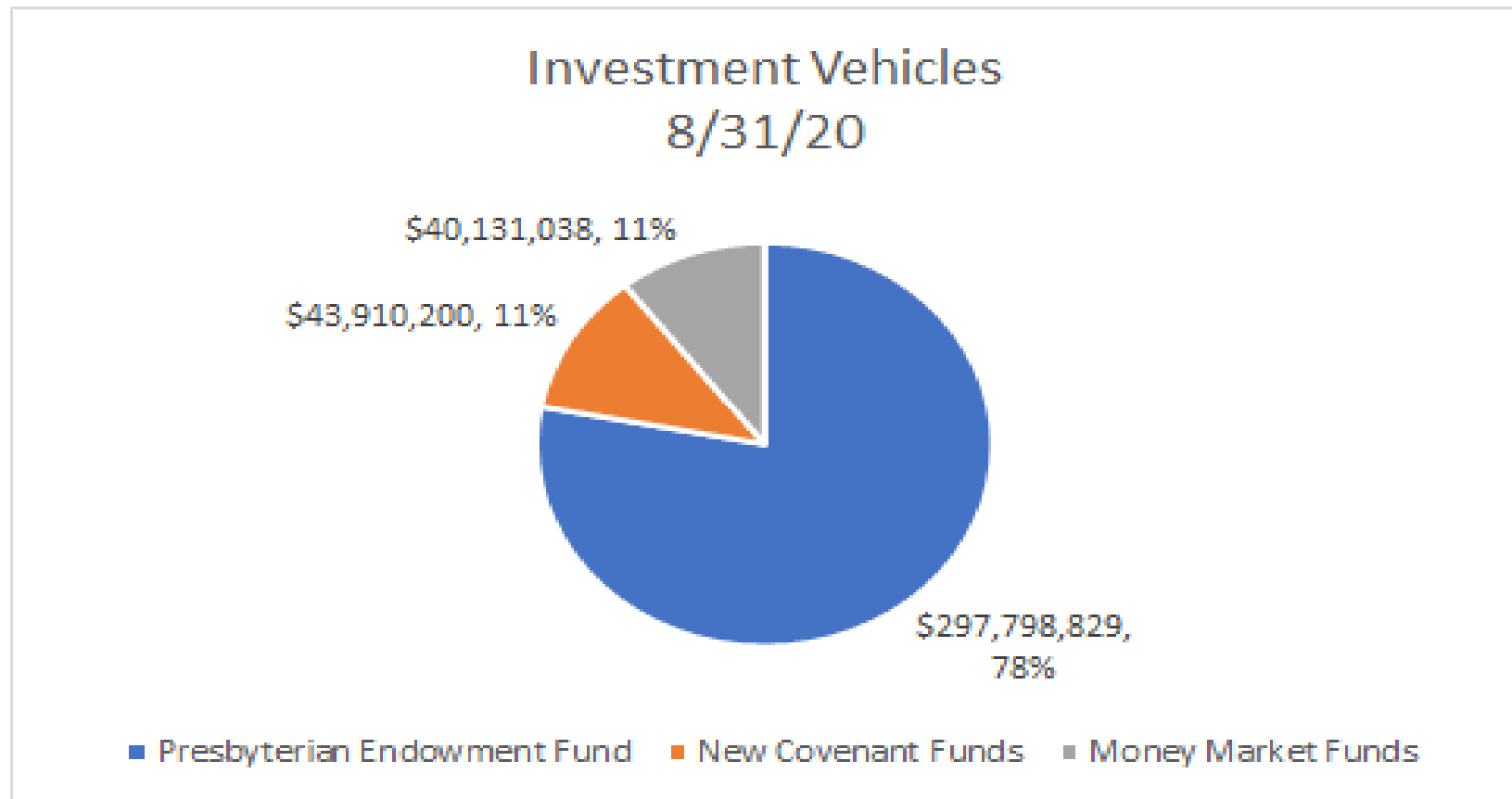
# Relationship as of 6/30/20

## 2,583 Accounts Under Management



# A Corp / PMA

## Investment Vehicle Allocations



# A Corp - Presbyterian Mission Agency

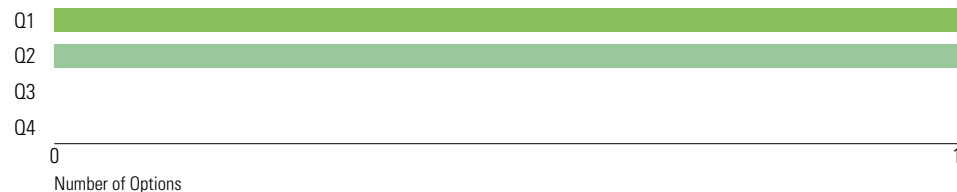
## New Covenant Funds

Total Number of Options

2

### Performance Quartiles 08-31-2020

Quartile Rank (Trailing 3 Yr)



### Fund Performance 08-31-2020

	Type	Eq Style	FI Style	Tot Ret % YTD	Tot Ret % 3 Mo	Tot Ret % 1 Yr	Tot Ret % 3 Yr	Tot Ret % 5 Yr	Tot Ret % 10 Yr	Tot Ret % Since Incep	% Rank Cat 3 Yr	% Rank Cat 5 Yr	% Rank Cat 10 Yr	Sharpe Ratio 3 Yr
<b>Large Blend(Fds, USD)</b>	<b>Avg</b>			<b>5.76</b>	<b>13.52</b>	<b>16.50</b>	<b>11.58</b>	<b>11.83</b>	<b>13.27</b>	—	—	—	—	<b>0.62</b>
New Covenant Growth (USD)	MF		—	9.64	15.95	21.84	13.52	12.28	12.85	5.44	38 (1223)	53 (1061)	69 (812)	0.70
<b>Short-Term Bond(Fds, USD)</b>	<b>Avg</b>			<b>2.70</b>	<b>1.94</b>	<b>3.28</b>	<b>2.73</b>	<b>2.41</b>	<b>2.04</b>	—	—	—	—	<b>0.48</b>
New Covenant Income (USD)	MF	—	—	5.08	1.88	5.28	3.89	3.34	2.85	3.65	4 (513)	7 (459)	12 (294)	0.79

### Standard Benchmarks 08-31-2020

	Type	Eq Style	FI Style	Tot Ret % YTD	Tot Ret % 3 Mo	Tot Ret % 1 Yr	Tot Ret % 3 Yr	Tot Ret % 5 Yr	Tot Ret % 10 Yr	Tot Ret % Since Incep	% Rank Cat 3 Yr	% Rank Cat 5 Yr	% Rank Cat 10 Yr	Sharpe Ratio 3 Yr
<b>S&amp;P 500 TR USD</b>	<b>Idx</b>		—	<b>9.74</b>	<b>15.48</b>	<b>21.94</b>	<b>14.52</b>	<b>14.46</b>	<b>15.16</b>	—	—	—	—	<b>0.77</b>
<b>BBgBarc US Agg Bond TR USD</b>	<b>Idx</b>	—	—	<b>6.85</b>	<b>1.31</b>	<b>6.47</b>	<b>5.09</b>	<b>4.33</b>	<b>3.65</b>	—	—	—	—	<b>1.01</b>
<b>MSCI EAFE NR USD</b>	<b>Idx</b>		—	<b>-4.61</b>	<b>11.26</b>	<b>6.13</b>	<b>2.34</b>	<b>4.72</b>	<b>5.88</b>	—	—	—	—	<b>0.12</b>
<b>USTREAS T-Bill Auction Ave 3 Mon</b>	<b>Idx</b>	—	—	<b>0.35</b>	<b>0.03</b>	<b>0.92</b>	<b>1.64</b>	<b>1.17</b>	<b>0.61</b>	—	—	—	—	—

### Performance Disclosure

The performance data quoted represents past performance and does not guarantee future results. The investment return and principal value of an investment will fluctuate; thus an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than return data quoted herein. For performance data current to the most recent month-end, please visit <http://advisor.morningstar.com/familyinfo.asp>. An investment in a mutual fund is not insured or guaranteed by the FDIC or any other government agency. It is possible to lose money by investing in the fund.

# Growth Fund

## Investment Strategy

The Fund invests primarily in a diversified portfolio of equity securities of U.S. companies that are components of an index that represents broad exposure to the U.S. equity market (the "Index"). The Fund will seek generally to replicate the performance of the Index, subject to such variation as may arise as a result of implementation of the social witness principles of the General Assembly of the Presbyterian Church (U.S.A.).

## Investment Philosophy and Process

The Fund employs a passive strategy designed to track the performance of one or more indices that represent broad exposure to the capital markets. The passive strategy is implemented by a specialist manager(s) as sub-adviser under the general supervision of SEI Investments Management Corporation (SIMC). SIMC may adjust the Fund's allocation of assets among the Indexes over time depending on its assessment of the markets.

## Fund Details

Total Net Assets	\$474.12 Million
Share Class	Class A (No-load)
Ticker	NCGFX
CUSIP	643642101
Inception Date	July 01, 1999
Expenses Before Waivers	0.97%
Expenses After Waivers*	0.72%

\* Fee waivers are voluntary and may be discontinued at any time.

## Manager Allocations



■ Parametric Portfolio Associates - 100%

## Manager Details

■ Parametric Portfolio Associates

### Start Date

Apr 11, 2012

### Key Attributes

Passive mandate with social screens and ESG tilt

## Performance Review

	Cumulative (%) as of Jul 31, 2020			Annualized (%) as of Jun 30, 2020				
	1 Month	3 Month	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception
New Covenant Growth Fund	5.43	13.44	2.13	7.18	9.64	8.44	11.70	4.86

## Calendar Year Returns (%)

	2019	2018	2017	2016	2015	2014	2013	2012
New Covenant Growth Fund	30.18	-6.07	21.60	8.12	-1.98	10.36	27.55	17.14

Prior to 5/13/2019, the Fund's investment approach was an "active" investment strategy where an investment manager would buy and sell securities based on its own economic, financial, and market analysis. On May 13, 2019, the Fund implemented a more "passive" investment strategy which seeks to track an index return along with a social screen and ESG tilt.

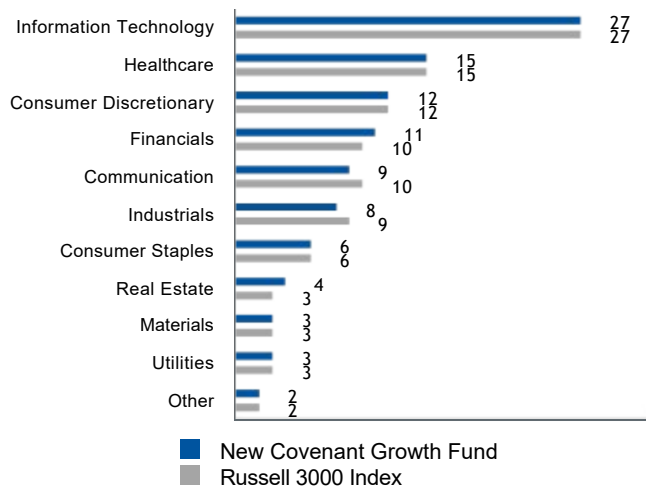
*Performance data quoted is historical and past performance does not guarantee future results. Current performance may be higher or lower. Performance current to the most recent month end can be obtained by calling 1-877-835-4531. The principal value and investment return of an investment will fluctuate so that shares, when redeemed, may be worth more or less than their original value.*

*To determine if the Fund(s) are an appropriate investment for you, carefully consider the investment objectives, risk factors and charges and expenses before investing. This and other information can be found in the Fund's prospectus, and if available, the summary prospectus, which can be obtained by calling 1-877-835-4531. Read the prospectus carefully before investing.*

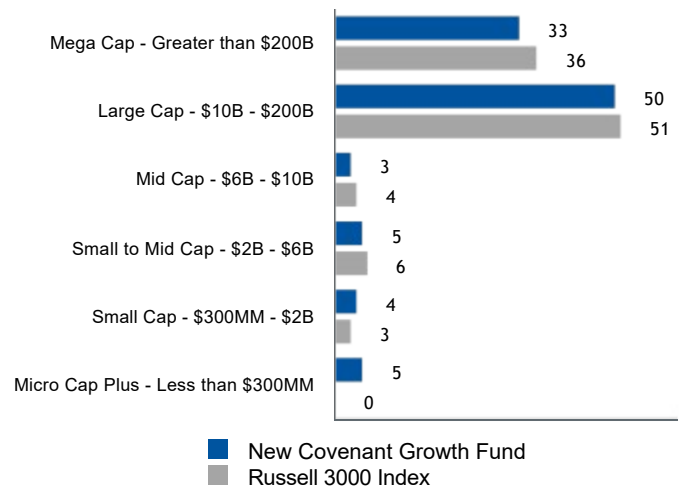
Portfolio Characteristics	Fund	Index
Weighted Capitalization (mil)	\$305,183	\$355,441
Number of Holdings	1,608	3,002
Price-to-Book Ratio	3.10	3.30
Median Forward Price to Earnings Ratio	20.40	21.40
Beta	0.98	N/A
Tracking Error (3 Year) (%)	1.25	N/A
Standard Deviation (3 Year) (%)	17.95	17.77

Top 10 Holdings (Excluding cash)	% of Net Assets
APPLE INC	5.62
MICROSOFT CORPORATION	4.88
AMAZON.COM INC	4.08
FACEBOOK INC	1.83
ALPHABET INC	1.35
ALPHABET INC	1.33
JOHNSON & JOHNSON	1.23
VISA INC	1.20
BERKSHIRE HATHAWAY INC	1.18
UNITEDHEALTH GROUP INC	1.10

**Top 10 Sectors (ex-cash) (% of portfolio)**



**Market Capitalization (ex-cash) (% of portfolio)**



**Glossary & Disclosures**

**Beta:** Quantitative measure of the Fund's volatility relative to the benchmark used. A beta above 1 indicates the fund is more volatile than the overall market, while a beta below 1 indicates the fund is less volatile.

**Price to Book Ratio:** The most recent price of a security divided by the company's annual fiscal year basis book value per share. Preliminary book value per share figures are used when available otherwise the book value per share is from the most recent fully reported financials. When the denominator is negative, the output is suppressed.

**Price to earnings ratio:** The most recent price of a security divided by the company's annual fiscal year basis earnings per share. Preliminary earnings per share values are used when available otherwise the earnings per share is from the most recent fully reported financials. When the denominator is negative, the output is suppressed.

**Standard Deviation (Absolute):** Used to describe historical volatility, a statistical measure of the distance a quantity is likely to lie from its average value. It is applied to the annual rate of return of an investment, to measure the investment's volatility (risk). Standard Deviation is synonymous with volatility, in that the greater the standard deviation the more volatile an investment's return will be. A standard deviation of zero would mean an investment has a return rate that never varies.

**Tracking error:** The measure of the risk of the portfolio relative to the benchmark.

**Weighted Capitalization:** The market price of an entire company, calculated by multiplying the number of shares outstanding by the price per share.

There are risks involved with investing including loss of principal. There is no assurance that the objectives of any strategy or fund will be achieved or will be successful. No investment strategy, including diversification, can protect against market risk or loss. Holdings subject to change.

Current and future portfolio holdings are subject to risks. In addition to the normal risks associated with equity investing, international investments may involve risk of capital loss from unfavorable fluctuation in currency values, from difference in generally accepted accounting principles or from economic or political instability in other nations. Narrowly focused investments and smaller companies typically exhibit higher volatility.

For those New Covenant Funds which employ the "manager of managers" structure, SEI Investments Management Corporation (SIMC) has ultimate responsibility for the investment performance of the Funds due to its responsibility to oversee the sub-advisers and recommend their hiring, termination and replacement. SIMC is the adviser to the New Covenant Funds, which are distributed by SEI Investments Distribution Co. (SIDCO). SIMC and SIDCO are wholly owned subsidiaries of SEI Investments Company.

The Russell 3000 Index measures the performance of the largest 3000 U.S. companies representing approximately 98% of the investable U.S. equity market.

• Not FDIC Insured • No Bank Guarantee • May Lose Value

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# Income Fund

## Investment Strategy

The Fund invests primarily in corporate bonds and government bonds issued or guaranteed by the U.S. government or one of its agencies, and mortgage-backed and asset backed securities of varying maturities. Investment decisions are consistent with the social-witness principles of the General Assembly of the Presbyterian Church (U.S.A.).

## Investment Philosophy and Process

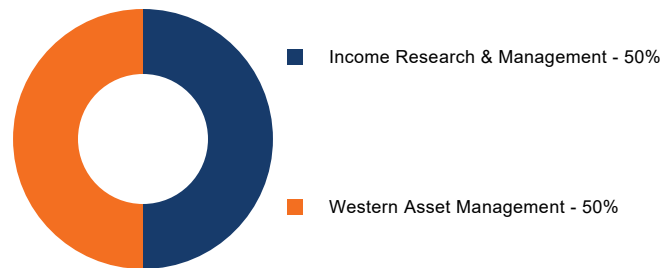
The Fund uses a multi-manager approach to portfolio construction that seeks to generate excess returns (i.e., returns in excess of benchmark) and at the same time provide diversification by avoiding over-concentration in a single investment style, sector or market trend. Our analysis seeks to identify each manager's competitive advantage and characteristics of that advantage that can be monitored on an ongoing basis. Asset allocation to a given manager is based on the manager's skill set, the current macro economic environment, and the risks inherent in each manager's strategy.

## Fund Details

Total Net Assets	\$351.49 Million
Share Class	Class A (No-load)
Ticker	NCICX
CUSIP	643642200
Inception Date	July 01, 1999
Expenses Before Waivers	0.95%
Expenses After Waivers*	0.80%

\* Fee waivers are voluntary and may be discontinued at any time.

## Manager Allocations



## Manager Details

	Start Date	Key Attributes
■ Income Research & Management	Jan 28, 2016	Seeks intermediate duration fixed income
■ Western Asset Management	Apr 30, 2012	Macro-driven investment process

## Performance Review

	Cumulative (%) as of Jul 31, 2020			Annualized (%) as of Jun 30, 2020				
	1 Month	3 Month	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception
New Covenant Income Fund	0.93	2.84	4.96	5.91	3.89	3.18	2.94	3.63

## Calendar Year Returns (%)

	2019	2018	2017	2016	2015	2014	2013	2012
New Covenant Income Fund	6.95	0.07	2.51	2.36	0.84	3.62	-1.63	4.04

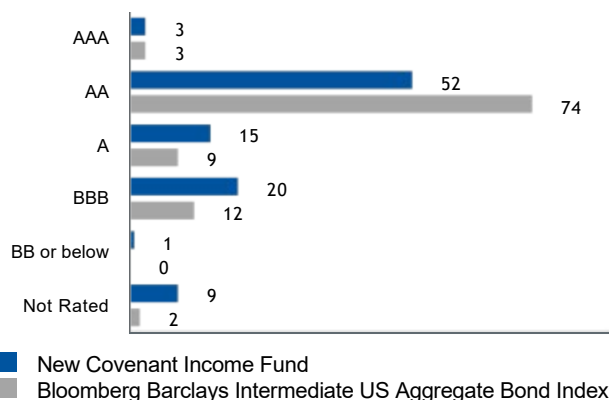
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Portfolio Characteristics	Fund	Index
Effective Duration (Years)	3.03	3.45
Weighted Average Life (Years)	5.03	4.05
30-day SEC Yield (%)	1.02	N/A
Unsubsidized 30-day SEC Yield (%)	0.87	N/A
Number of Holdings	900	9,041

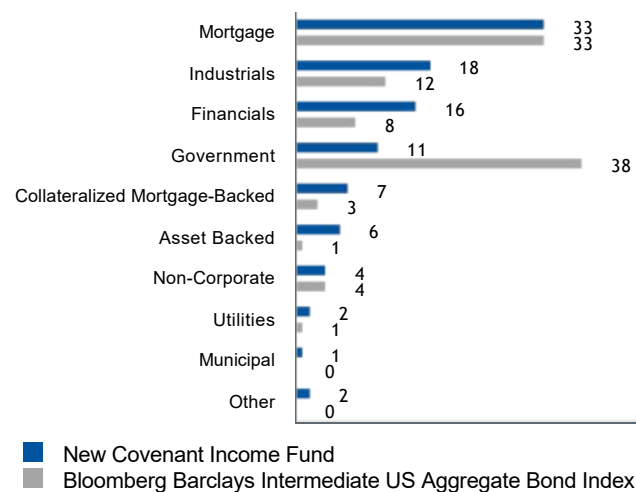
Top 10 Holdings (Excluding cash)	% of Net Assets
UNITED STATES TREASURY 0.25% 05/31/2025	2.78
FGOLD 30YR 2016 PRODUCTION 3.00% 02/01/2047	1.01
UNITED STATES TREASURY 0.13% 10/15/2024	1.00
UMBS 30YR TBA(REG A) 3.50% 08/13/2020	0.93
UNITED STATES TREASURY 1.00% 02/15/2049	0.89
FNMA 30YR 2016 PRODUCTION 3.00% 09/01/2046	0.79
FNMA 30YR 2018 PRODUCTION 4.50% 11/01/2048	0.72
UNITED STATES TREASURY TBILL 0.00% 10/22/2020	0.70
FNMA 30YR 2019 PRODUCTION 3.50% 09/01/2049	0.70
UNITED STATES TREASURY 0.13% 04/30/2022	0.70

### Credit Quality (ex-cash) (% of portfolio)



The credit quality of a fund's holdings is derived using Standard & Poor's as the ratings source. The purpose of the ratings is to provide investors with a simple system of gradation by which relative creditworthiness of a fund's securities may be noted. Ratings are measured on a scale that generally ranges from AAA (highest) to D (lowest).

### Top 10 Sectors (ex-cash) (% of portfolio)



### Glossary & Disclosures

**30-day SEC Yield:** An annualized yield based on the most recent 30 day period and includes any principal value changes to TIPS securities to reflect changes in the government's official inflation rate. Changes in the inflation rate can cause the fund's yield to vary substantially from one month to the next. An extraordinarily high SEC yield may be attributable to a rise in the inflation rate, which might not be repeated. The unsubsidized 30-day SEC Yield is an approximation illustrating the effect to the 30-day SEC Yield if fees were not waived during that period.

**Effective Duration:** Duration is a measure of a security's price sensitivity to changes in interest rates. Specifically, duration measures the potential change in value of a bond that would result from a 1% change in interest rates. The shorter the duration of a bond, the less its price will potentially change as interest rates go up or down; conversely, the longer the duration of a bond, the more its price will potentially change.

**Weighted Average Life:** The average number of years for which each dollar of unpaid principal on a loan or mortgage remains outstanding.

There are risks involved with investing including loss of principal. There is no assurance that the objectives of any strategy or fund will be achieved or will be successful. No investment strategy, including diversification, can protect against market risk or loss. Holdings subject to change.

In addition to the normal risks associated with investing, international investments may involve risk of capital loss from unfavorable fluctuation in currency values, from difference in generally accepted accounting principles or from economic or political instability in other nations. Emerging markets involve heightened risks related to the same factors as well as increased volatility and lower trading volume. Bonds and bond funds will decrease in value as interest rates rise. High yield bonds involve greater risks of default or downgrade and are more volatile than investment grade securities, due to the speculative nature of their investments.

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The Bloomberg Barclays Intermediate Aggregate U.S. Bond Index is an unmanaged index generally representative of intermediate investment grade government and corporate debt securities with maturities of 10 years or less.

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# Fidelity® Investments Money Market Government Portfolio - Institutional Class (FRGXX)

**NTF** No Transaction Fee <sup>1</sup>

## Performance<sup>3,4,5</sup>

Monthly (AS OF 8/31/2020)	YTD (Monthly)	Average Annual Total Returns				
		1 Yr	3 Yrs	5 Yrs	10 Yrs	Life
Fidelity® Investments Money Market Government Portfolio - Institutional Class	0.38%	0.96%	1.53%	1.07%	0.54%	3.47%
FTSE 3-Mo Treasury Bill	0.55%	1.18%	1.68%	1.15%	0.61%	3.27%
Money Market-Taxable	0.28%	0.76%	1.24%	0.80%	0.41%	--
<b>Quarter-End (AS OF 6/30/2020)</b>						
Fidelity® Investments Money Market Government Portfolio - Institutional Class		1.32%	1.58%	1.07%	0.54%	3.49%

*The performance data featured represents past performance, which is no guarantee of future results. Investment return and principal value of an investment will fluctuate; therefore, you may have a gain or loss when you sell your shares. Current performance may be higher or lower than the performance data quoted.*

## Fund Overview

### Objective

Seeks to obtain as high a level of current income as is consistent with the preservation of principal and liquidity within the limitations prescribed for the fund.

### Strategy

The Adviser normally invests at least 99.5% of the fund's total assets in cash, U.S. Government securities and/or repurchase agreements that are collateralized fully (i.e., collateralized by cash or government securities). Certain issuers of U.S. Government securities are sponsored or chartered by Congress but their securities are neither issued nor guaranteed by the U.S. Treasury. Investing in compliance with industry-standard regulatory requirements for money market funds for the quality, maturity, liquidity and diversification of investments. The Adviser stresses maintaining a stable \$1.00 share price, liquidity, and income. In addition the Adviser normally invests at least 80% of the fund's assets in U.S. Government securities and repurchase agreements for those securities.

### Risk

*You could lose money by investing in the fund. Although the fund seeks to preserve the value of your investment at \$1.00 per share, it cannot guarantee it will do so. An investment in the fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Fidelity Investments and its affiliates, the fund's sponsor, have no legal obligation to provide financial support to the fund, and you should not expect that the sponsor will provide financial support to the fund at any time.* The fund will not impose a fee upon the sale of your shares, nor temporarily suspend your ability to sell shares if the fund's weekly liquid assets fall below 30% of its total assets because of market conditions or other factors. Interest rate increases can cause the price of a money market security to decrease. A decline in the credit quality of an issuer or a provider of credit support or a maturity-shortening structure for a security can cause the price of a money market security to decrease.

### Additional Disclosures

This description is only intended to provide a brief overview of the mutual fund. Read the fund's prospectus for more detailed information about the fund.

Initial offering of the Fidelity® Institutional Money Market Government Portfolio - Institutional Class took place on May 14, 2014. Returns and expenses prior to that date are those of the Fidelity® Institutional Money Market Government Portfolio - Class I. Had Fidelity® Institutional Money Market Government Portfolio - Institutional Class expenses been reflected in the returns shown, total returns would have been higher.

Fidelity is voluntarily reimbursing a portion of the fund's expenses. If Fidelity had not, the returns would have been lower.

## Morningstar® Snapshot\*<sup>2</sup>

(AS OF 8/31/2020)

Morningstar Category Money Market-Taxable

Risk of this Category



\*Data provided by Morningstar

## Details

Product Type Government

Fund Inception 7/25/1985

NAV on 8/31/2020 \$1.00

Exp Ratio (Gross) 0.18%  
5/30/2020

Exp Ratio - Annual or Semi-Annual Report (Net)<sup>7</sup> 0.14%  
3/31/2020

Exp Cap (Dated)<sup>8</sup> 0.14%  
2/1/2015

Portfolio Net Assets (\$M) \$163,667.26  
8/31/2020

Share Class Net Assets (\$M) \$122,223.05  
8/31/2020

## Fund Manager(s)

Co-Manager: Team

## Portfolio Data

7-Day Yield<sup>9</sup> 0.05%  
8/31/2020

7-Day Yield Without Reductions<sup>10</sup> 0.02%  
8/31/2020

## Composition by Instrument<sup>6</sup>

(AS OF 7/31/2020)

U.S. Treasury Bills	48.44%
Agency Floating-Rate Securities	20.50%
U.S. Government Repurchase Agreements	9.00%
Agency Fixed-Rate Securities	9.27%
U.S. Treasury Coupons	5.14%
Other Money Market Investments	0.09%
Net Other Assets	-2.44%
U.S. Treasury Inflation-Protected Securities	0.00%
U.S. Treasury Strips	0.00%

Net Other Assets may include cash and receivables and payables related to open security or capital stock trades.

## Glossary Of Terms

**7-Day Yield:** The current yield reflects the current earnings of the fund, while the total return refers to a specific past holding period. The 7-Day Yield is the average income return over the previous seven days, assuming the rate stays the same for one year. It is the Fund's total income net of expenses, divided by the total number of outstanding shares and includes any applicable waiver or reimbursement. Absent such waivers or reimbursements, the returns would have been lower.

**7-Day Yield Without Reductions:** The 7-Day Yield Without Reductions is the yield without applicable waivers or reimbursements. Voluntary waivers and/or reimbursements may be discontinued any time.

**Exp Ratio (Gross):** Expense ratio is a measure of what it costs to operate an investment, expressed as a percentage of its assets, as a dollar amount, or in basis points. These are costs the investor pays through a reduction in the investment's rate of return. For a mutual fund, the gross expense ratio is the total annual fund or class operating expenses directly paid by the fund from the fund's most recent prospectus (before waivers or reimbursements). This ratio also includes Acquired Fund Fees and Expenses, which are expenses indirectly incurred by a fund through its ownership of shares in other investment companies. If the investment option is not a mutual fund, the expense ratio may be calculated using methodologies that differ from those used for mutual funds.

**Exp Ratio - Annual or Semi-Annual Report (Net):** This expense ratio is reflected in the most current Annual or Semi-Annual Report. Expense ratio is a measure of what it costs to operate an investment, expressed as a percentage of its assets, as a dollar amount, or in basis points. These are costs the investor pays through a reduction in the investment's rate of return. For a mutual fund, the net expense ratio is the total annual fund or class operating expense from the fund's most recent Annual or Semi-Annual Report, after any fee waiver and/or expense reimbursements that will reduce any fund operating expenses. If the investment option is not a mutual fund, the expense ratio may be calculated using methodologies that differ from those used for mutual funds.

**FTSE 3-Mo Treasury Bill:** The FTSE 3-Month Treasury Bill Index is an unmanaged index designed to represent the average of T-bill rates for each of the prior three months, adjusted to a bond-equivalent basis.

**Net Asset Value (NAV):** The dollar value of one mutual fund's share, excluding any sales charges or redemption fees. The NAV is calculated by subtracting liabilities from the value of a fund's total assets and dividing it by the number of fund's shares outstanding.

**Portfolio Net Assets (\$M):** The difference between a portfolio's total assets and liabilities, including all share classes of the fund.

**Share Class Net Assets (\$M):** The difference between the total assets and liabilities of a single share class of a fund.

## Important Information

**Before investing, consider the investment objectives, risks, charges and expenses of the fund or annuity and its investment options. Contact Fidelity for a free prospectus and, if available, summary prospectus containing this information. Read it carefully.**

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2. Risk of this Category: Morningstar calculates these risk levels by looking at the Morningstar Risk of the funds in the Category over the previous 5-year period. Morningstar Risk is the difference between the Morningstar Return, based on fund total returns, and the Morningstar Risk Adjusted Return, based on fund total returns adjusted for performance volatility. The Category Risk Level is based on the equal weighted average Morningstar Risk of the funds in the category. Morningstar's Research Committee evaluates the Category Morningstar Risk and assigns the Category Risk Level after further qualitative judgment.
3. Total returns are historical and may include change in share value and reinvestment of dividends and capital gains, if any. Cumulative total returns are reported as of the period indicated. Life of fund figures are reported as of the commencement date to the period indicated and are cumulative if the fund is less than one year old. Total returns do not reflect the fund's [%] sales charge. If sales charges were included, total returns would have been lower.
4. The Morningstar Category Average is the average return for the peer group based on the returns of each individual fund within the group, for the period shown. This average assumes reinvestment of dividends.
5. Percent Rank in Category is the fund's total-return percentile rank relative to all funds that have the same Morningstar Category. The highest (or most favorable) percentile rank is 1 and the lowest (or least



# Custom Investment Strategies

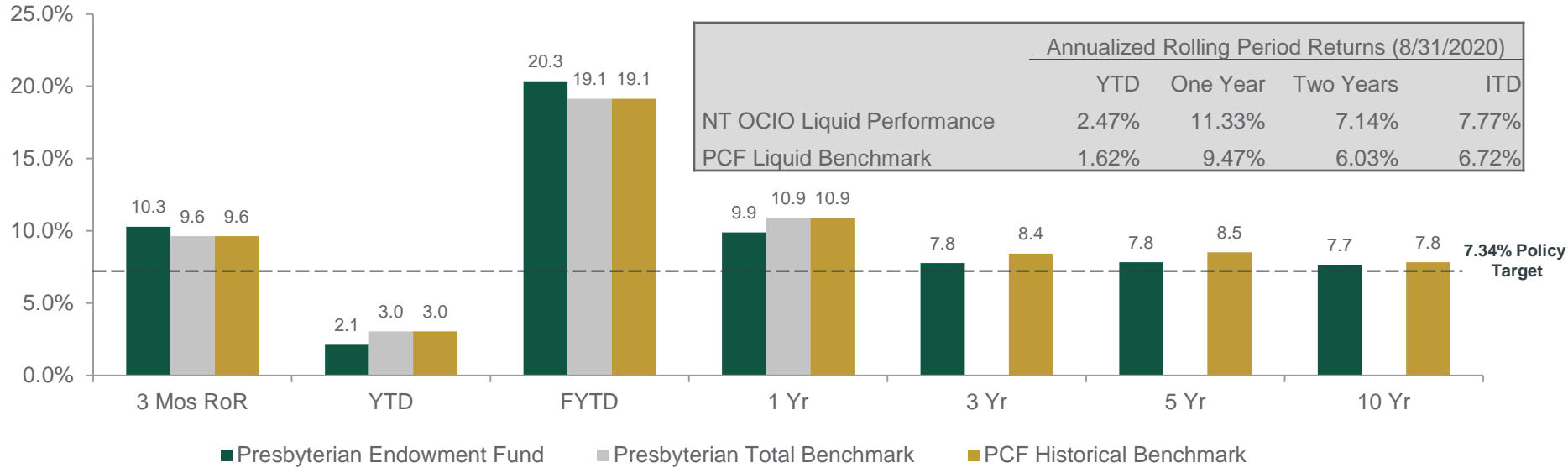


## Investment Program Review

YTD Through August 31, 2020

# PORTFOLIO DETAIL

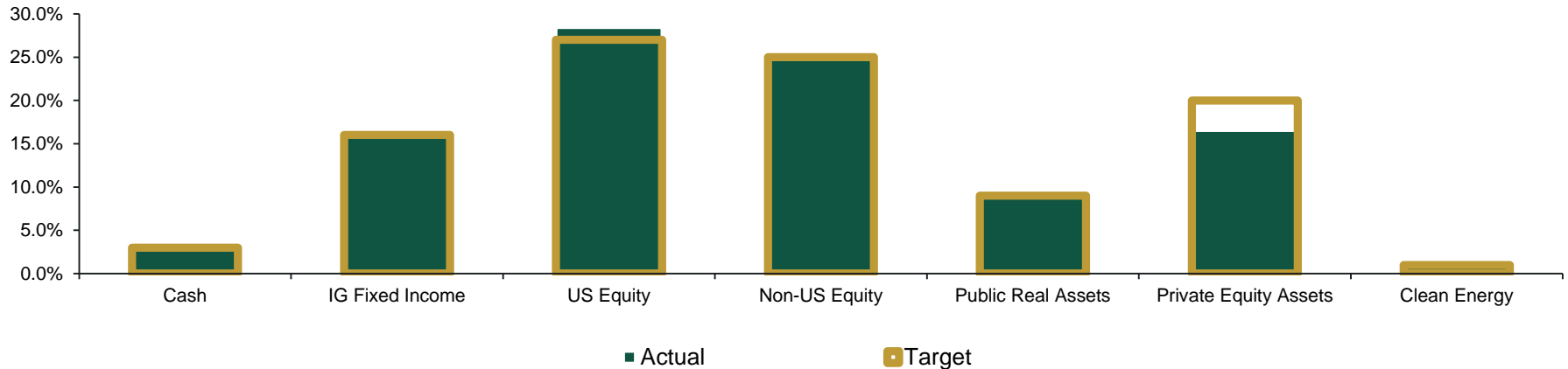
AS OF AUGUST 31, 2020 (NET OF FEES)



**Historical Benchmark:** NT Policy Benchmark (9/1/2017 –Present), Cambridge Total Policy Benchmark (1/1/2013-8/31/2017), 60% MSCI ACWI ND / 40% Bloomberg Barclays US Aggregate (for periods prior to 1/1/2013), Private Equity investments valued on a 2 quarter lag.

**Note on Policy Benchmark:** The PCF Cambridge 6 mo. Lag benchmark is updated quarterly. Any policy benchmark, blended benchmark or subcategory benchmark that uses it will show a 0.00% return for the month, with any policy or blended benchmarks reflecting this return stream. Calendar quarterly returns, and longer periods, will reflect updated returns for both this and all other blended or policy benchmarks.

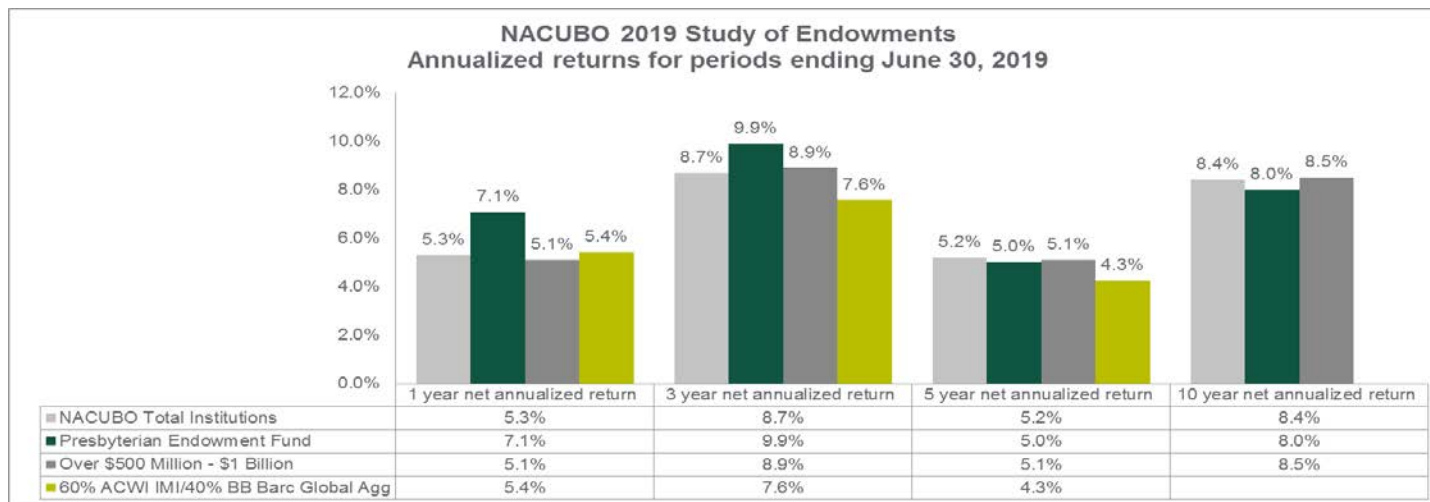
## Actual vs. Target Allocation



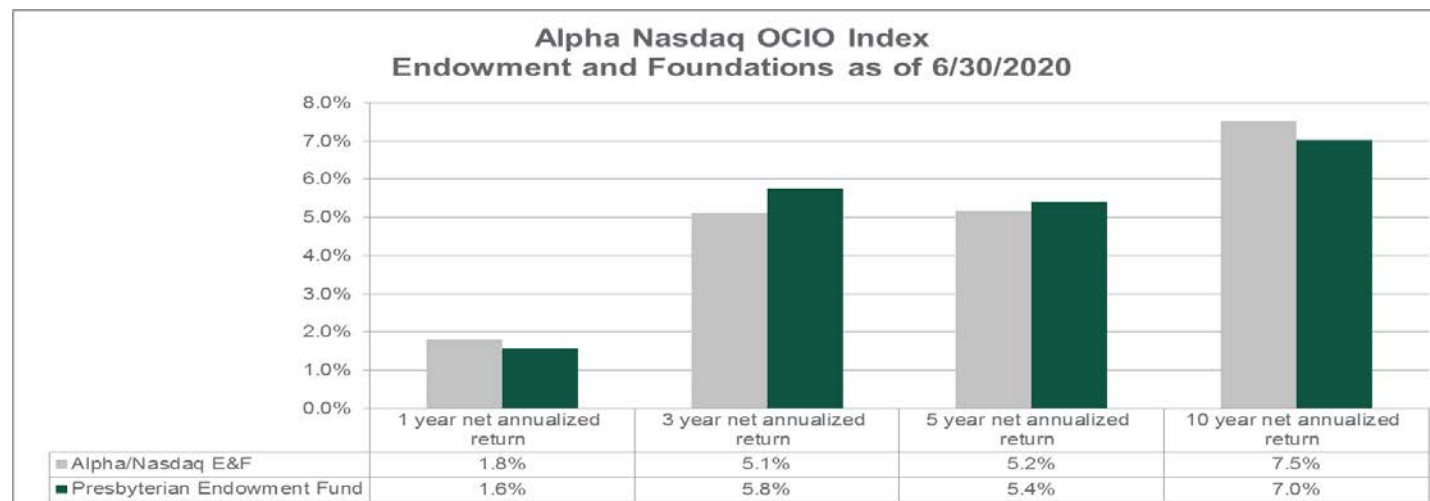
# PRESBYTERIAN CHURCH FOUNDATION - PROGRAM UPDATE

- **Globally focused positioning reflects long term allocation goals as program evolves towards targeted allocations -**
  - Program has meaningfully recovered since the first quarter, with strong returns over the last three months driven by good performance from public market assets and recent portfolio shifts.
    - Financial markets continue their buoyancy since the 1<sup>st</sup> quarter with investors looking through the current environment as global economic activity improves, progress on a Covid-19 vaccine remains promising, and fiscal and monetary policy continues to support.
    - Equities have almost fully recovered their market declines with U.S. equities leading the charge. Non-U.S developed equities through August are the only broad equity asset category still in negative territory.
    - Despite this recovery, uncertainties ahead still remain as the path of the pandemic, additional fiscal support, and lofty valuations of risk assets (equities) suggest caution moving forward.
    - Market liquidity has improved significantly as well. Shifts since the first quarter have increased allocations to cash and fixed income, capturing some of these strong returns in order to slightly reduce portfolio risk.
  - Current positioning consistent with tactical views and will evolve as our views on global growth, economies and markets progress. We continue to monitor the virus situation closely.
  - Social Witness Principles of the Church aligning and overarching our implementation, as always.
- **Private Equity program continues to grow and evolve -**
  - New commitments have been temporarily put on hold in order to maintain liquidity across the investment program and better manage allocation targets during this current volatile period.
  - Recent commitments to NT sourced managers have been calling capital in support of the overall allocation (Late stage venture, U.S. Buyout/Tech, and legacy special opportunity). We expect both future calls and distributions from private equity managers to slow in the short term.
  - New and future commitments, once re-started, will continue to focus on multi-stage venture as well as lower and upper middle market buyout strategies that complement the legacy portfolio and align with our forward looking allocation strategy
- **Upcoming election has its own additional factors that will evolve between now and November -**
  - While current polling suggests strong result for democrats, we caution on relying on this polling, as there is historical precedent for candidates making up lost ground (Bush 1988 & Trump 2016).
  - If the election results in split government, historically we have found that the impact will be less of a market impact.
  - A Democratic sweep typically purports higher taxes and regulation reducing corporate earnings. However, if some of the tax increases results in greater spending, a boost in consumption and overall economic growth could counteract these higher taxes.
  - The 2016 election suggests moving prior to results are known is risky, but being ready to move is prudent. From a sector perspective, should polls prove correct, we see utilities, health care services and technology benefitting, while energy and financial services may suffer.

# PORTFOLIO PERFORMANCE VS. PEERS



Data Source- NACUBO-TIAA 2019 Study of Endowments.

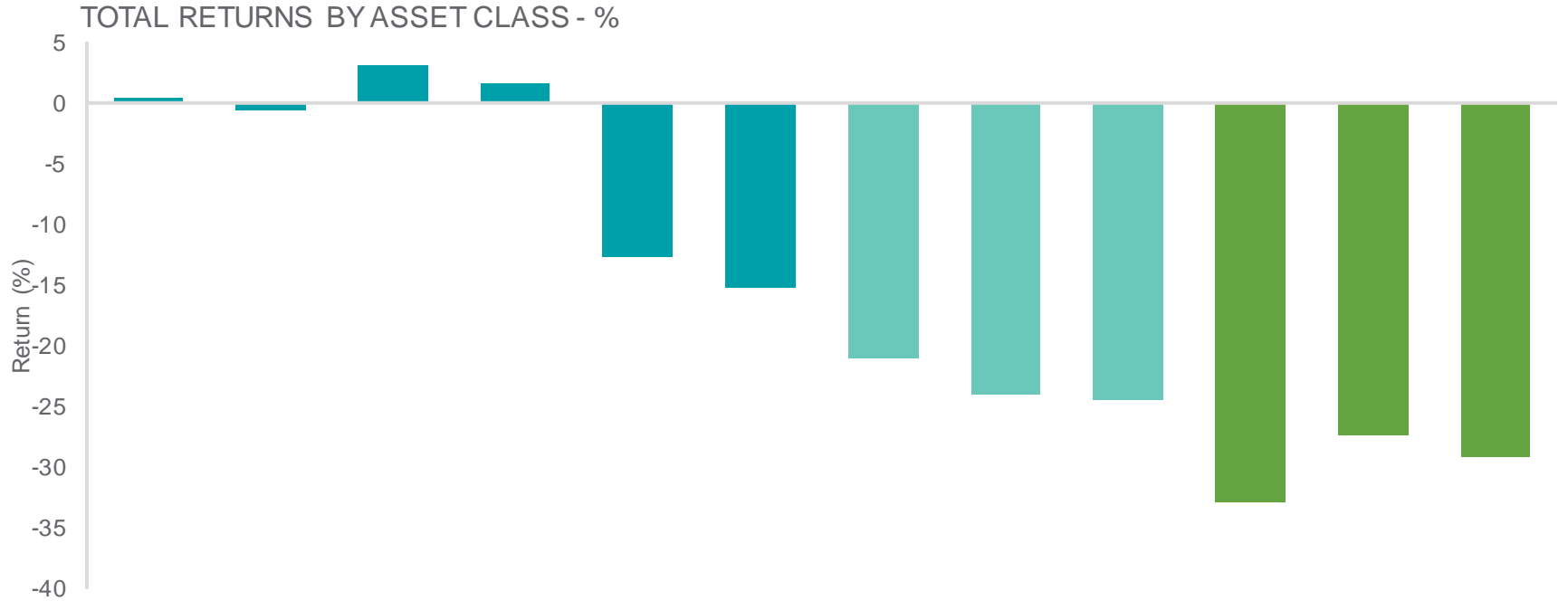


Data Source-The AlphaNasdaq OCIO indices are based on anonymized account-level return streams, asset allocation and metadata reported directly by OCIO firms. The Alpha NASDAQ OCIO indices use this anonymously reported data to construct a family of indices that represent the broad OCIO market along with variations of the OCIO market to more appropriately reflect the nuances across sub-categories, such as plan type and risk profile

# PRESBYTERIAN CHURCH FOUNDATION OBJECTIVES

- Growth focused asset allocation, generating competitive performance vs. benchmarks
- Reduced fees for OCIO services and diligence around implementation that lowers underlying manager expenses and total program costs
- Simplified overall asset allocation and investment implementation with improved growth expectations
- Continuously compliant with socially responsible Presbyterian values
- Thought leadership around tactical positioning, thematic views and broader socially responsible investment options

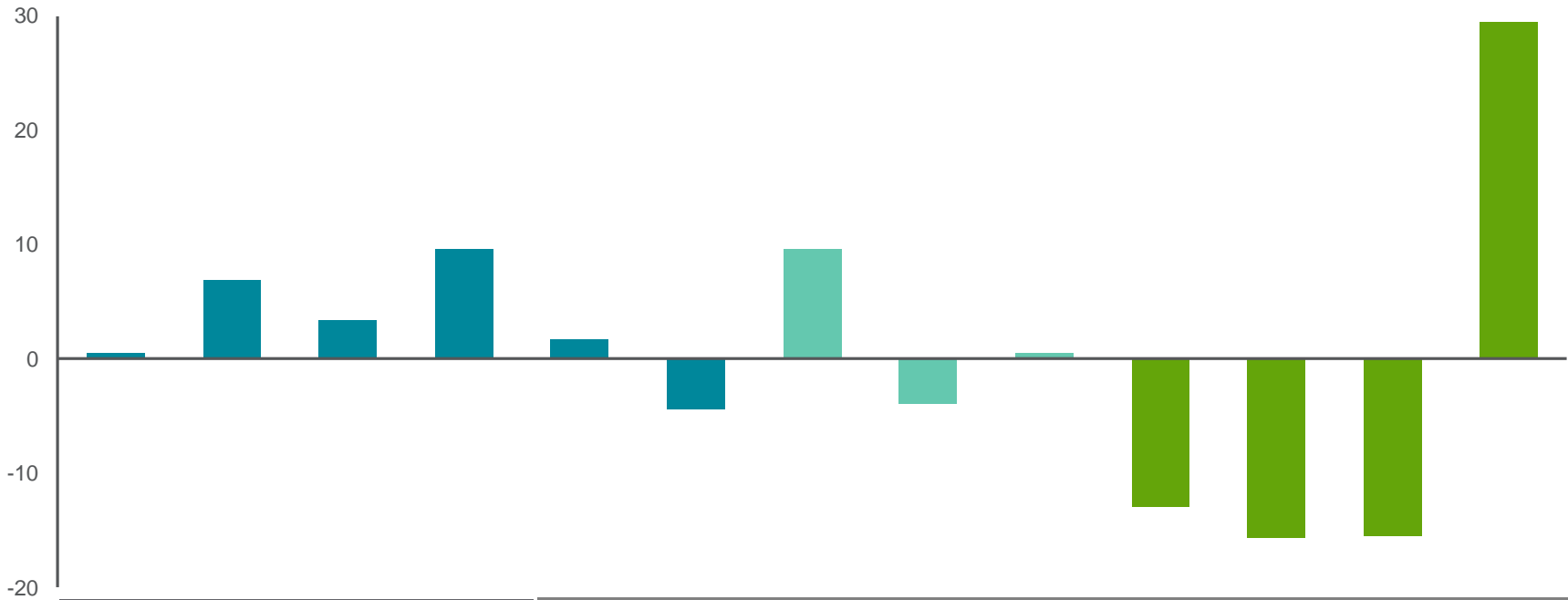
# ASSET CLASS RETURNS – 1Q 2020



	RISK CONTROL						RISK ASSETS					
	FIXED INCOME						EQUITIES			REAL ASSETS		
	Cash	Municipal Bonds	Inv. Grade	TIPS	High Yield	EM Debt	U.S.	Dev. Ex-U.S.	Emerging Markets	Natural Resources	Gbl. Real Estate	Gbl. Listed Infra.
■ 1Q 2020	0.5	-0.6	3.1	1.7	-12.7	-15.2	-20.9	-23.9	-24.4	-32.9	-27.4	-29.2
2019	2.2	7.5	8.7	8.4	14.3	13.5	31.1	23.6	18.1	17.2	23.8	27.0
1 Year	2.1	3.8	8.9	6.8	-6.9	-6.5	-9.2	-15.0	-18.6	-30.0	-21.6	-21.1
3 Year	1.7	4.0	4.8	3.5	0.8	-0.8	4.0	-1.8	-2.2	-6.4	-2.0	-3.2
5 Year	1.1	3.2	3.4	2.7	2.8	0.3	5.8	-0.1	-0.5	-2.7	-0.3	-0.4
10 Year	0.6	4.1	3.9	3.5	5.6	0.5	10.2	3.1	0.8	-2.2	5.6	4.2

# ASSET CLASS RETURNS – THROUGH AUGUST

YEAR-TO-DATE RETURNS BY ASSET CLASS - %



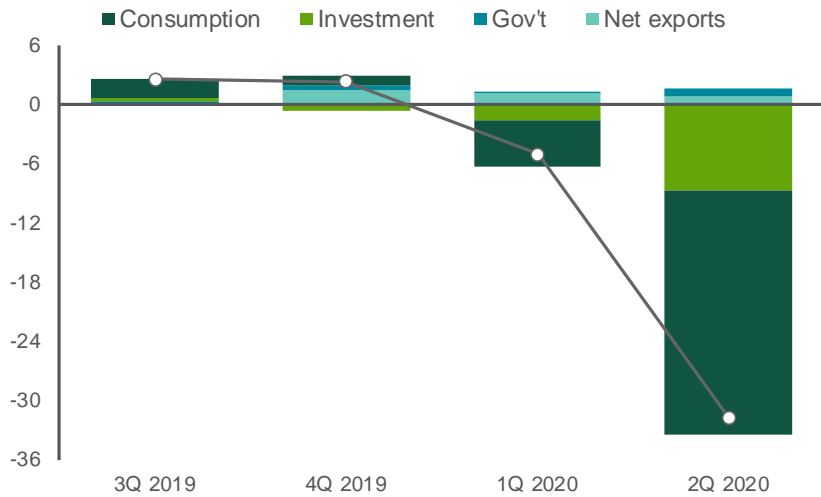
YTD	RISK CONTROL						RISK ASSETS						
	FIXED INCOME						EQUITIES			REAL ASSETS			
	Cash	Inv. Grade	Municipal Bonds	TIPS	High Yield	EM Debt	U.S.	Dev. Ex-U.S.	Emerging Markets	Natural Resources	Gbl. Real Estate	Gbl. Listed Infra.	Gold
	0.5	6.9	3.3	9.6	1.6	-4.4	9.6	-3.9	0.6	-13.0	-15.6	-15.5	29.4

Source: Northern Trust Investment Strategy, Bloomberg. Gross total returns in USD, year-to-date through 8/31/2020. Equity proxies are MSCI Investable Market Indexes.

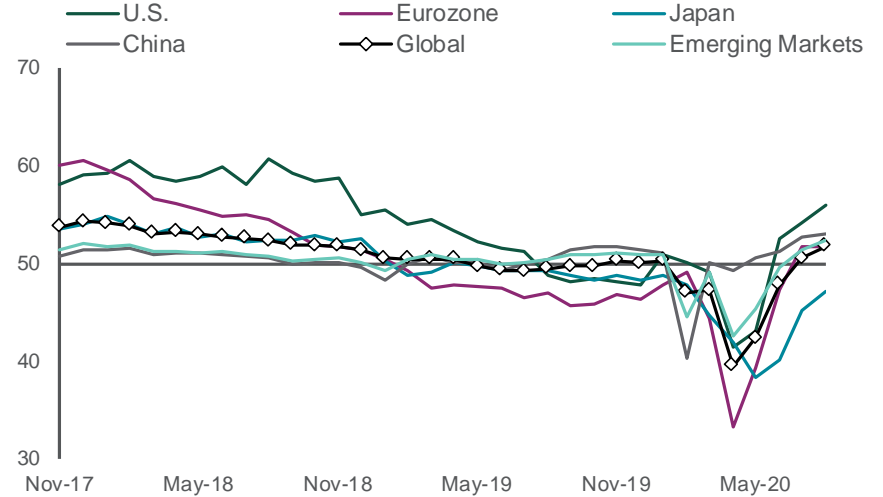
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# MACRO OVERVIEW: GROWTH AND INFLATION

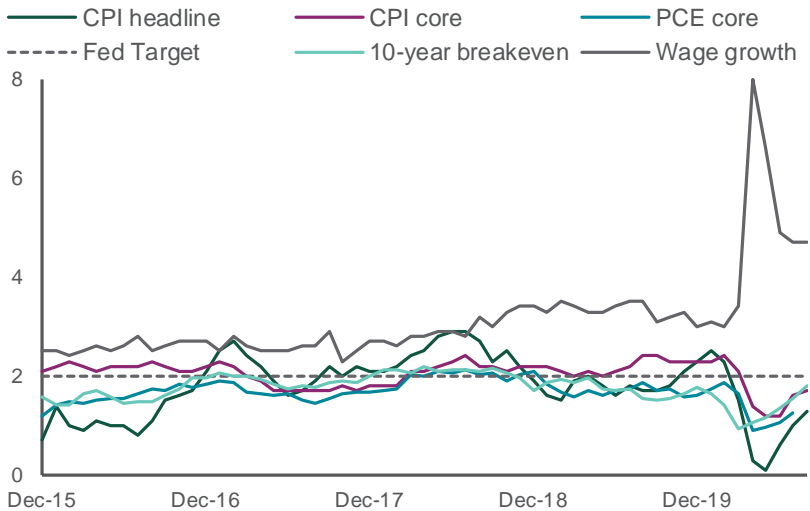
## U.S. REAL GDP GROWTH (%)



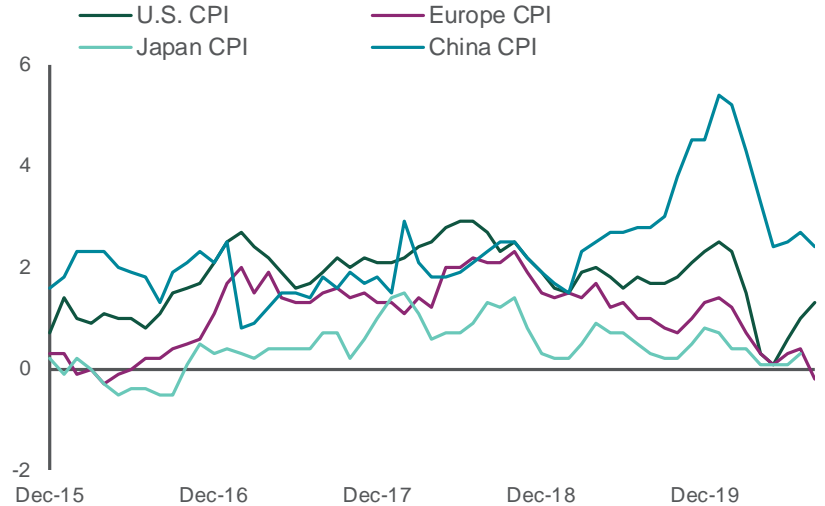
## GLOBAL PURCHASING MANAGER INDEXES



## U.S. INFLATION – YOY %



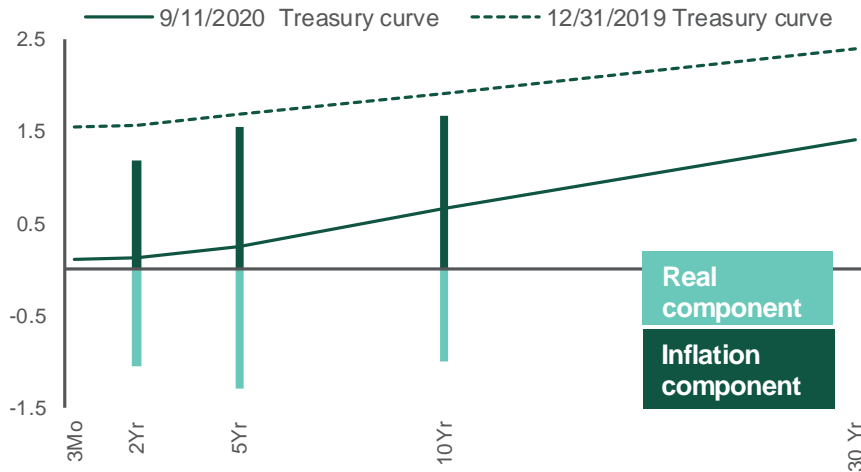
## GLOBAL INFLATION – YOY %



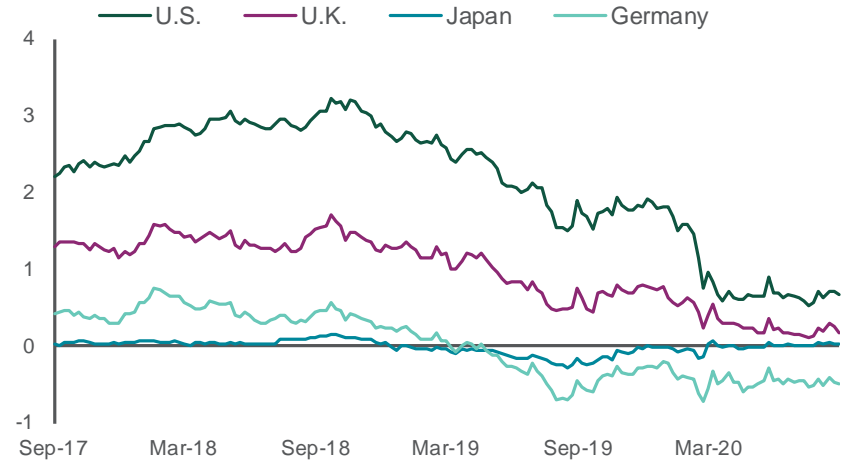
Source: Northern Trust Investment Strategy, Bloomberg. GDP data through 6/30/2020. Quarter-over-quarter GDP data incorporates seasonal adjustments and is annualized. PMI data through 8/31/2020. Inflation data through 8/31/2020.

# MARKET OVERVIEW: FIXED INCOME AND CURRENCY

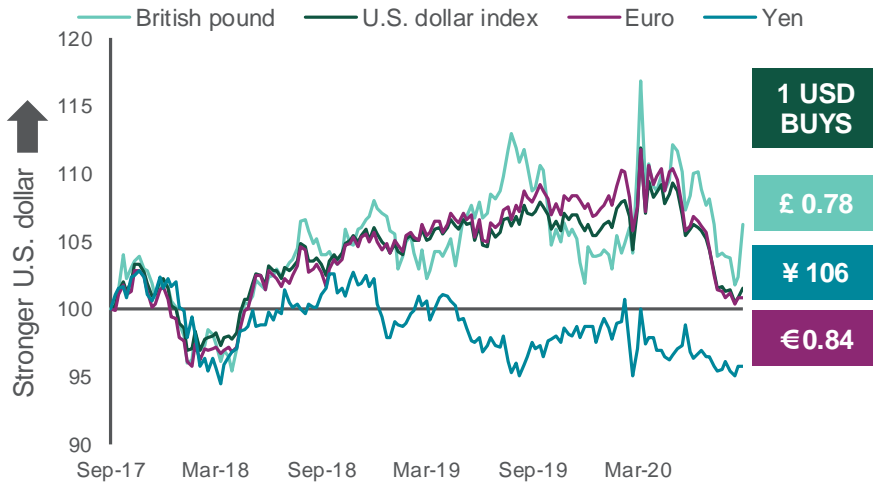
## U.S. YIELD CURVE - %



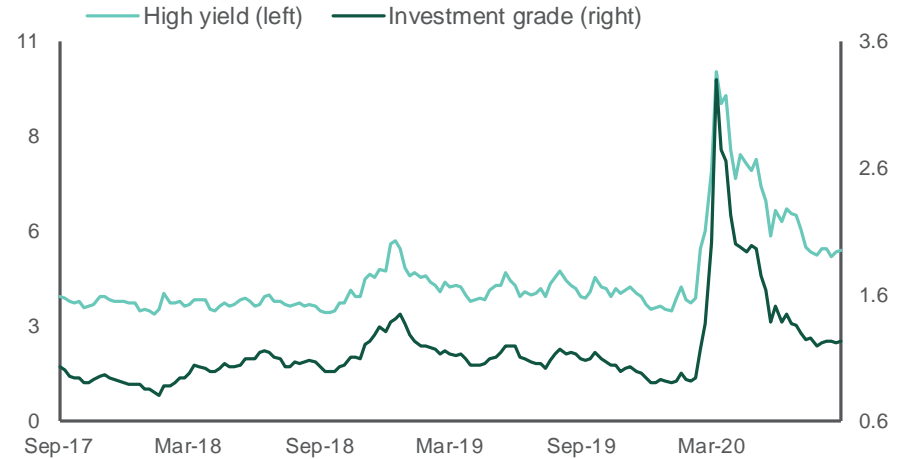
## GLOBAL 10-YEAR YIELDS - %



## U.S. DOLLAR RELATIVE PERFORMANCE



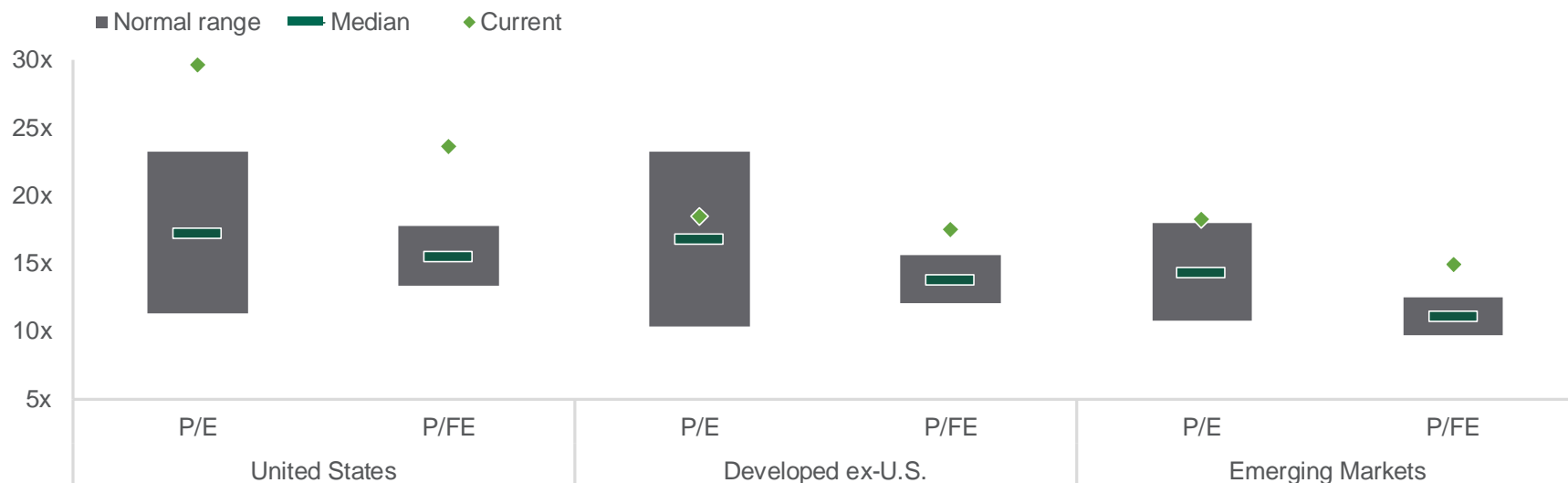
## CREDIT SPREADS - %



Source: Northern Trust Investment Strategy, Bloomberg Barclays. Currency data indexed to 100 on 9/15/2017. Currency and spread data through 9/11/2020. Spread data measured by option-adjusted spread. 10-year yield data through 9/11/2020.

# MARKET OVERVIEW: EQUITY VALUATIONS

## GLOBAL EQUITY VALUATIONS - PRICE MULTIPLE



REGION	P/E		P/FE		P/B		P/CF		DIVIDEND YIELD	
	Current	LT Median	Current	LT Median	Current	LT Median	Current	LT Median	Current	LT Median
<b>U.S.</b>	<b>29.6</b>	<b>17.3</b>	<b>23.6</b>	<b>15.5</b>	<b>4.1</b>	<b>2.4</b>	<b>18.3</b>	<b>9.9</b>	<b>1.6%</b>	<b>2.7%</b>
<b>World ex-U.S.</b>	<b>18.5</b>	<b>16.8</b>	<b>17.5</b>	<b>13.8</b>	<b>1.6</b>	<b>1.7</b>	<b>9.5</b>	<b>8.3</b>	<b>2.7%</b>	<b>3.0%</b>
Europe	17.2	14.7	17.3	13.2	1.7	1.7	9.0	7.4	2.7%	3.6%
Japan	21.5	20.6	18.1	14.3	1.3	1.9	9.4	8.3	2.3%	1.6%
UK	12.1	13.8	14.8	12.6	1.4	1.8	6.8	8.3	3.8%	4.1%
Canada	21.8	17.6	17.3	14.4	1.8	1.8	9.6	8.9	3.2%	3.0%
Australia	18.3	17.4	19.5	14.7	1.9	2.0	11.6	11.9	3.4%	4.0%
<b>EM</b>	<b>18.2</b>	<b>14.3</b>	<b>14.9</b>	<b>11.1</b>	<b>1.8</b>	<b>1.7</b>	<b>11.4</b>	<b>8.4</b>	<b>2.3%</b>	<b>2.5%</b>

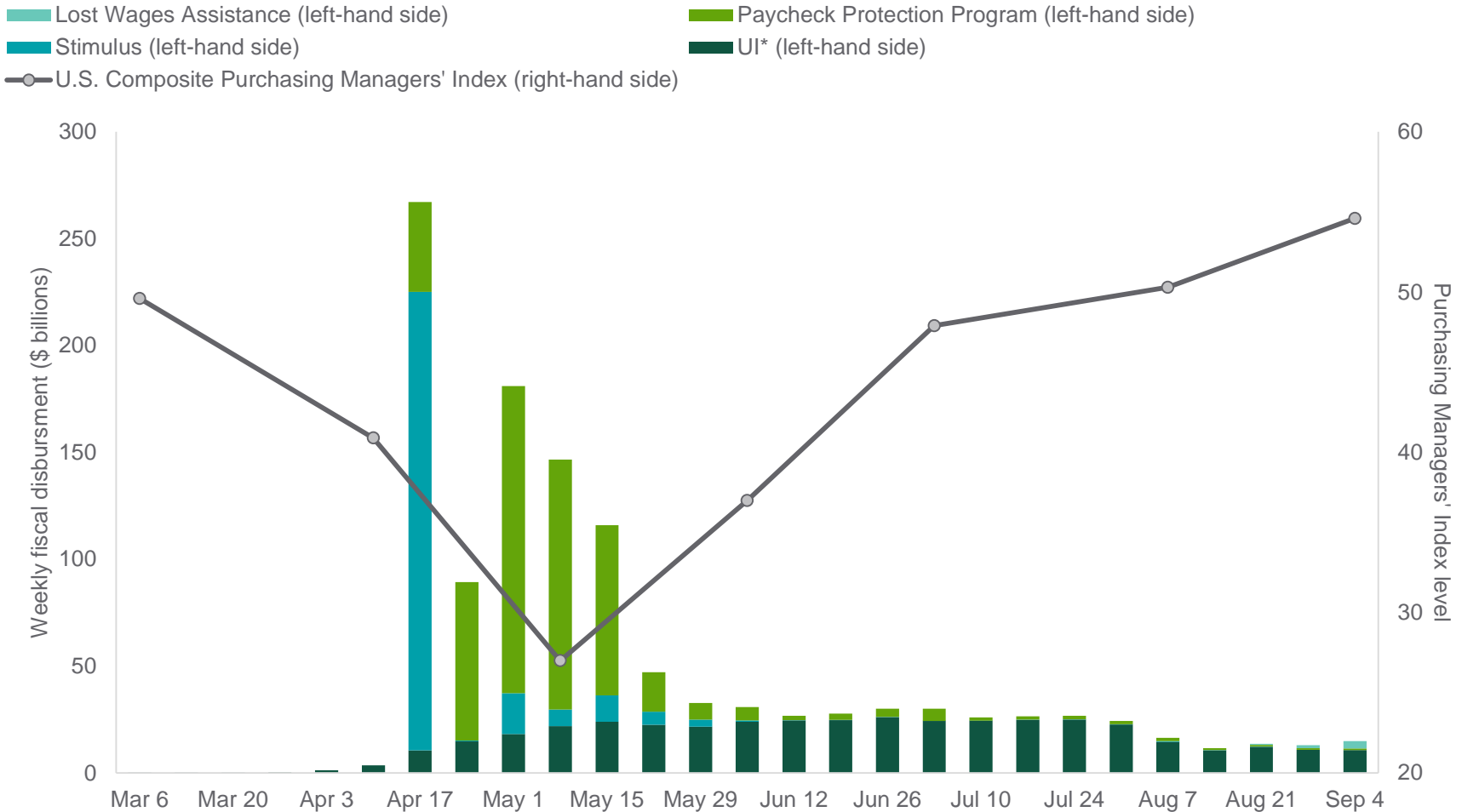
Source: Northern Trust Investment Strategy, MSCI. Monthly data through 8/31/2020. Indices are MSCI US, MSCI World ex-US, and MSCI Emerging Markets; U.S. and World ex-U.S. data begin in 1970, EM data begins in 1995. Normal Range: +/- 1 standard deviation from the median. LT: long-term.

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# MONTHLY SPOTLIGHT

## FADING FISCAL, RISING GROWTH

Fiscal stimulus cushioned the initial blow; additional is still needed despite better growth.



Source: Northern Trust Global Asset Allocation, Evercore ISI, Treasury, Census, SBA, BEA. \*UI: unemployment insurance relative to same week last year. Most recent month-end Purchasing Managers' Index values, levels above (below) 50 are expansionary (contractionary). Week-end fiscal values through 9/4/2020.

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