GC Investment Office Introduction
June 9, 2017

General Conference
of
Seventh-day Adventists

GC Treasury
GC Investment Office

Mission

Provide Seventh-day Adventist Church organizations, institutions, and related entities, investment services to manage funds entrusted to them by the Lord in order to fulfill the mission of the church to spread the Gospel to the world.

“Who then is a faithful and wise servant, whom his master made ruler over his household, to give them food in due season? Blessed is that servant whom his master, when he comes, will find so doing.”

Matthew 24:45
# General Conference Investment Office

Investment Services for any SDA Entity or Institution

## Account Types

<table>
<thead>
<tr>
<th>Account Type</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Pensions/Endowments</strong></td>
<td>Long term investments for pensions and retirement funding.</td>
</tr>
<tr>
<td><strong>Operating/General</strong></td>
<td>Medium term investments focusing on income generation for operating needs.</td>
</tr>
<tr>
<td><strong>Plant/Project Funds</strong></td>
<td>Medium to long term investments to meet the needs for property maintenance or project financing.</td>
</tr>
<tr>
<td><strong>Donor Advised</strong></td>
<td>Funds donated by individuals are held for various mission projects as directed by the donor.</td>
</tr>
<tr>
<td>Investment Guidance</td>
<td>GC Unitized Funds</td>
</tr>
<tr>
<td>---------------------</td>
<td>------------------</td>
</tr>
<tr>
<td>Initial consultation and guidance is provided for SDA entities to develop a sound investment program.</td>
<td>The GCIO manages 18 unitized funds which may provide a solid foundation for an investment portfolio.</td>
</tr>
</tbody>
</table>
**GC Investment Office**

Tim Aka, CFA,
Associate Treasurer and Investment Manager

General Conference of Seventh-day Adventists

23 years Industry Experience

Tim has spent the past 23 years in the banking and investment industry with the majority of his career focused on investment management at TD Bank in Toronto, Canada. In his position at TD he took a lead role in managing products for TD Wealth Managed Investment Solutions, overseeing $17 billion in assets.

The GC Investment office has 7 investment & finance professionals and staff. They manage $2.3 billion in investments from church clients around the world.

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**GC Investment Committee (GCIC)**

**GCIC Chair**
Juan Prestol-Puesán, PhD
Treasurer
General Conference

**GCIC Vice-Chair**
G Thomas Evans
Treasurer
North American Division

**GCIC Secretary**
Tim H Aka, CFA
Assoc. Treasurer
General Conference

**GCIC Assoc. Secretary**
Raymond Jimenez III
Retirement
North American Division

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**GCIC Office**

Mabio Coelho
Chief Information Officer
General Conference

Markus Coettl
Associate Treasurer
Inter-European Division

William Easterbrook
President
Adventist HealthCare
Retirement Plan

Jermaine Jackson
Chief Financial Officer
Adventist Risk Management

J Raymond Wahlen II
Under-Treasurer
General Conference

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Rodney Neal
Sr. VP Financial Affairs
Loma Linda University

Michael Janison
Assoc. Treasurer
North American Division

Byron Schuneman
Special Assist to the Adm.
Adventist Retirement Plans

Glynn C W Scott
Treasurer
Lake Union Conference
North American Division

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<table>
<thead>
<tr>
<th>Fund Name</th>
<th>Description</th>
<th>Assets (USD)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>GC Money Fund</strong></td>
<td>Short term cash management</td>
<td>$302,673,000</td>
</tr>
<tr>
<td><strong>GC Capital Preservation Fund</strong></td>
<td>Protection of capital plus growth</td>
<td>$201,000,000</td>
</tr>
<tr>
<td><strong>GC Bond Fund</strong></td>
<td>Actively managed core bond portfolio</td>
<td>$140,761,000</td>
</tr>
<tr>
<td><strong>GC Total Return Bond Fund</strong></td>
<td>Actively managed global bonds</td>
<td>$90,504,000</td>
</tr>
<tr>
<td><strong>GC Income Fund</strong></td>
<td>Actively managed balanced income fund</td>
<td>$206,537,000</td>
</tr>
<tr>
<td><strong>GC U.S. Large Cap Fund</strong></td>
<td>Actively managed U.S. Large Cap portfolio</td>
<td>$174,356,000</td>
</tr>
<tr>
<td><strong>GC U.S. Small Cap Fund</strong></td>
<td>Actively managed U.S. Small Cap Portfolio</td>
<td>$80,175,000</td>
</tr>
<tr>
<td><strong>GC International Equity Fund</strong></td>
<td>Actively managed int’l equity fund</td>
<td>$113,483,000</td>
</tr>
<tr>
<td><strong>GC Emerging Markets Equity Fund</strong></td>
<td>Actively managed emerging markets fund</td>
<td>$52,225,000</td>
</tr>
<tr>
<td><strong>GC Opportunistic Liability Driven Investment Fund</strong></td>
<td>Specialty fund to manage funds for a pension plan.</td>
<td>$409,507,000</td>
</tr>
<tr>
<td><strong>GC Alternative Investment Fund</strong></td>
<td>A fund of funds holding several alternative funds.</td>
<td>$64,689,000</td>
</tr>
<tr>
<td><strong>SDA Short Term Bond Fund</strong></td>
<td>Short term bond index fund</td>
<td>$84,0876,000</td>
</tr>
<tr>
<td><strong>SDA Intermediate Bond Fund</strong></td>
<td>Intermediate term bond index fund</td>
<td>$12,512,000</td>
</tr>
<tr>
<td><strong>SDA Total Market Bond Fund</strong></td>
<td>Total market bond index fund</td>
<td>$172,844,000</td>
</tr>
<tr>
<td><strong>SDA U.S. Large Cap Index Fund</strong></td>
<td>U.S. Large Cap Index Fund</td>
<td>$451,145,000</td>
</tr>
<tr>
<td><strong>SDA U.S. Small Cap Index Fund</strong></td>
<td>U.S Small Cap Index fund</td>
<td>$326,027,000</td>
</tr>
<tr>
<td><strong>SDA International Index Fund</strong></td>
<td>International Index fund</td>
<td>$278,540,000</td>
</tr>
</tbody>
</table>
Sub-Advisors

Fixed Income Funds

U.S. Equity Funds

International Equity Funds

Balanced Funds
Unitized Fund Structure

GC Unitized Funds as a Multi-Manager, Multi-Strategy Fund
- Diversified approach to fund management.

Example – GC International Equity Fund

Investment Managers & Strategies:
- Franklin Templeton: Medium to Large Cap Growth
- Mondrian Investment Partners: Large Cap Value, with emphasis on downside protection
- Comerica Wealth Management: Index Fund – using MSCI EAFE index
- Cash: Tactical – Safety

GROWTH OF $1000
GC U.S. Large Cap Fund

Investment Strategies

- Harris Associates: Medium to Large Cap deep value, contrarian
- QS Investors: Dynamic ETF Style Timing using U.S. Low Volatility Dividend Index
- Comerica Wealth Management: Index Fund – using S&P500 index
- Cash: Tactical – Safety

Growth of $1000 (since inception)
GC U.S. Small Cap Fund

Investment Strategies

- Silvercrest Asset Management: Small and Medium Cap value
- Comerica Wealth Management: Index Fund – using S&P1000 index
- Cash: Tactical – Safety

GROWTH OF $1000

- Russell 2000 Index
- Small Cap
GC Emerging Markets Fund

Investment Strategies

• Lazard Asset Management: Emerging market value. Long term investors in global enterprises.
• Alliance Bernstein: Emerging markets growth. Invests in non-cyclical, high growth sectors.
• Cash: Tactical – Safety
GC Bond Fund

Investment Strategies

• Western Asset Management: Conservative core bond portfolio strategy with benchmark duration.
• Madison Investment Advisors: High quality core bond portfolio with minimum A rating. Varies duration according to outlook.
• Cash: Tactical – Safety

GROWTH OF $1000
### Asset class returns

<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>REITs</td>
<td>3.8%</td>
<td>37.1%</td>
<td>31.6%</td>
<td>12.2%</td>
<td>-15.7%</td>
<td>-37.7%</td>
<td>28.0%</td>
<td>27.9%</td>
<td>8.3%</td>
<td>19.7%</td>
<td>2.9%</td>
<td>28.0%</td>
<td>2.8%</td>
<td>8.6%</td>
<td>10.8%</td>
<td></td>
</tr>
</tbody>
</table>

Source: Barclays, Bloomberg, FactSet, MSCI, NAREIT, Russell, Standard & Poor's, J.P. Morgan Asset Management.

Large cap: S&P 500, Small cap: Russell 2000, EM Equity: MSCI EME, DM Equity: MSCI EAFE, Commodity: Bloomberg Commodity Index, High Yield: Barclays Global HY Index, Fixed Income: Barclays Aggregate, REITs: NAREIT Equity REIT Index. The "Asset Allocation" portfolio assumes the following weights: 25% in the S&P 500, 10% in the Russell 2000, 15% in the MSCI EAFE, 5% in the MSCI EME, 25% in the Barclays Aggregate, 5% in the Barclays Global High Yield Index, 5% in the Bloomberg Commodity Index and 5% in the NAREIT Equity REIT Index. Balanced portfolio assumes annual rebalancing. Annualized (Ann.) return and volatility (Vol.) represents period of 12/31/01 – 12/31/16. Please see disclosure page at end for index definitions. All data represents total return for stated period. Past performance is not indicative of future returns.

Guidance to the Markets – U.S. Data are as of December 31, 2016.
Portfolio Construction Process

1. Assess Investment Needs
   - Investment Objective
   - Risk Tolerance
   - Time Horizon
   - Liquidity and Cash Flow

2. Determine Asset Class Mix
   - Long Term Portfolio
     - 40% Bonds
     - 60% Stocks

3. Global Stock Allocation
   - International Developed 30%
     (Europe, Japan, Australia)
   - Emerging Markets 15%
     (Brazil, Russia, India, China, Mexico,
      Eastern Europe, South America, South
      Pacific, South Africa, et al.)
   - North America 55%
     - Large Cap 45%
     - Small Cap 10%
**Investment Models & Objectives**

<table>
<thead>
<tr>
<th>Safety of Capital &amp; Preservation of Purchasing Power</th>
<th>Income Generation e.g. Operating Fund, revolving fund</th>
<th>Growth of Principle e.g. retirement fund, plant fund.</th>
</tr>
</thead>
<tbody>
<tr>
<td>5. Long Term</td>
<td></td>
<td>5. Long Term</td>
</tr>
</tbody>
</table>

Models correspond to key investment objectives for Church entities’.

**$85 20 Policies**

6. Controlling committees shall complete an asset allocation study in consultation with a non-conflicted, qualified Investment Management Consultant for asset pools for investment prior to investing any assets.

8. For each asset pool, an Investment Policy Statement in a format understood by the money management industry and consistent with this General Conference Working Policy shall be approved by each controlling committee whether employing external managers or managing funds internally.
## Strategic Models

<table>
<thead>
<tr>
<th>Asset Class/Portfolio Mix (in %)</th>
<th>Eq Alloc</th>
<th>Yield</th>
<th>Safety</th>
<th>Income</th>
<th>Low Volatility</th>
<th>Balanced</th>
<th>Long Term</th>
</tr>
</thead>
<tbody>
<tr>
<td>GC Money Fund/Cash</td>
<td>0.0%</td>
<td>0.2%</td>
<td>10.0%</td>
<td>0.0%</td>
<td>0.0%</td>
<td>0.0%</td>
<td>0.0%</td>
</tr>
<tr>
<td>GC Capital Preservation Fund</td>
<td>5.0%</td>
<td>1.0%</td>
<td>45.0%</td>
<td>5.0%</td>
<td>0.0%</td>
<td>0.0%</td>
<td>0.0%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>55.0%</strong></td>
<td><strong>5.0%</strong></td>
<td><strong>0.0%</strong></td>
<td><strong>0.0%</strong></td>
<td><strong>0.0%</strong></td>
<td><strong>0.0%</strong></td>
<td><strong>0.0%</strong></td>
</tr>
<tr>
<td>GC Bond Fund</td>
<td>0.0%</td>
<td>1.8%</td>
<td>10.0%</td>
<td>20.0%</td>
<td>10.0%</td>
<td>5.0%</td>
<td>10.0%</td>
</tr>
<tr>
<td>GC Total Return Bond Fund</td>
<td>0.0%</td>
<td>1.5%</td>
<td>20.0%</td>
<td>20.0%</td>
<td>25.0%</td>
<td>20.0%</td>
<td>10.0%</td>
</tr>
<tr>
<td>GC Income Fund</td>
<td>10.0%</td>
<td>2.7%</td>
<td>15.0%</td>
<td>40.0%</td>
<td>30.0%</td>
<td>20.0%</td>
<td>10.0%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>45.0%</strong></td>
<td><strong>80.0%</strong></td>
<td><strong>65.0%</strong></td>
<td><strong>45.0%</strong></td>
<td><strong>30.0%</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GC Large Cap Fund</td>
<td>100.0%</td>
<td>2.1%</td>
<td>0.0%</td>
<td>5.0%</td>
<td>10.0%</td>
<td>20.0%</td>
<td>25.0%</td>
</tr>
<tr>
<td>GC Small Cap Fund</td>
<td>100.0%</td>
<td>1.7%</td>
<td>0.0%</td>
<td>0.0%</td>
<td>5.0%</td>
<td>5.0%</td>
<td>10.0%</td>
</tr>
<tr>
<td>GC International Fund</td>
<td>100.0%</td>
<td>2.0%</td>
<td>0.0%</td>
<td>2.5%</td>
<td>7.5%</td>
<td>15.0%</td>
<td>20.0%</td>
</tr>
<tr>
<td>GC Emerging Markets Fund</td>
<td>100.0%</td>
<td>2.4%</td>
<td>0.0%</td>
<td>0.0%</td>
<td>2.5%</td>
<td>5.0%</td>
<td>5.0%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>0.0%</strong></td>
<td><strong>7.5%</strong></td>
<td><strong>25.0%</strong></td>
<td><strong>45.0%</strong></td>
<td><strong>60.0%</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GC Global Opportunity Fund</td>
<td>35.0%</td>
<td>4.3%</td>
<td>0.0%</td>
<td>7.5%</td>
<td>10.0%</td>
<td>10.0%</td>
<td>10.0%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100%</strong></td>
<td><strong>100%</strong></td>
<td><strong>100%</strong></td>
<td><strong>100%</strong></td>
<td><strong>100%</strong></td>
<td><strong>100%</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

| Look Through Equity Allocation | 3.75%    | 14.38% | 31.50% | 50.50% | 64.50% |
| Estimated Yield                 | 1.36%    | 2.27%  | 2.30%  | 2.28%  | 2.24%  |
| **Portfolio Return 10 Years**   | **2.91%**| **4.05%**| **4.65%**| **4.37%**| **5.08%** |
| **Standard Deviation 10 Years** | **2.16%**| **3.52%**| **6.14%**| **9.09%**| **11.31%** |
Performance

**Balanced Growth Model**

Balanced Growth Model Objectives:
- Growth of principle over a 3 – 5 year
- Invests in a well diversified portfolio of GC Funds
- Investments may generate some current income.
- Principle will not be needed for 5 years or longer.
- Average fluctuation* investment value of +/- 10% or more is acceptable.
- Yield – 2.28%

*As measured by portfolio standard deviation.

<table>
<thead>
<tr>
<th>Balanced Growth</th>
<th>Annualized Returns</th>
<th>12 Month Returns</th>
<th>Success Rate*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Model</td>
<td>1 Year 3 Year 5 Year 7 Year 10 Year Since 2001 Average Worst Best</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Strategic</td>
<td>3.10% 3.27% 6.20% 6.65% 4.65% 5.55%</td>
<td>6.10% -33.63% 34.45%</td>
<td></td>
</tr>
<tr>
<td>Tactical</td>
<td>5.09% 4.16% 7.34% 7.84% 6.56% 6.48%</td>
<td>7.05% -25.81% 34.33%</td>
<td>69%</td>
</tr>
<tr>
<td>Standard Deviation (Risk)</td>
<td>5.89% 6.47% 7.76% 9.09% 8.58%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* Percentage of months where Tactical Positioning Outperformed Strategic Positioning

<table>
<thead>
<tr>
<th>Balanced Growth</th>
<th>Calendar Year Returns: Past 10 Years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strategic</td>
<td>4.68% -1.17% 4.80% 12.55% 11.97% -0.10% 10.58% 27.39% -25.20% 6.22%</td>
</tr>
<tr>
<td>Tactical</td>
<td>6.24% -1.18% 5.60% 14.50% 12.88% 1.60% 11.35% 30.96% -20.37% 7.86%</td>
</tr>
<tr>
<td>S&amp;P500 Index</td>
<td>1.40% 13.70% 32.40% 16.00% 2.10% 15.10% 26.50% -37.00% 5.50%</td>
</tr>
<tr>
<td>Barclays Aggregate Bond Index</td>
<td>0.50% 6.00% -2.00% 4.20% 7.80% 6.50% 5.90% 5.20% 7.00%</td>
</tr>
</tbody>
</table>
Balanced Growth Portfolio

50% Equities
Helping You Be Wise Stewards

- GC Investment Office is here to help all church entities and institutions with their investment needs.
- No advisory fees charged by the GCIO.
- Fund costs include:
  - Operating fees – 34.0bp
  - Sub-advisor fees – 20bp – 60bp (already included in the fund.
  - Sub-advisors include: PIMCO, Western Asset Management & QS Investors (Legg Mason), Franklin Templeton, Lazard, Alliance Bernstein, Harris Associates, Mondrian, Deutsche Asset Management, GMO, Silvercrest, Westwood, Madison Investment Advisors, New Century, Comerica.

- GC Unitized Funds provide access to excellent active investment managers at a low cost.
- Model Portfolio provide reliable long term investment strategies.