



# NAD New Treasurers' Orientation Investments

June 27, 2022

**Presented by:**

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**CAPITAL  
ADVISORS**

# TOPICS TO DISCUSS

- Discuss the role of an investment advisor.
- Discuss generally the levels of risk that should be established when dealing with operational funds vs. endowment or other longer-term funds.
- Should church money be exposed to any market risk?
- Discuss some of the investment options available to our church entities.
- How should leaders relate to market volatility?
- Include other investment information as time allows.

## A FAVORITE QUOTE

**“So Your Advisor Is Licensed,  
Big Deal...So Is Your Dog”**

# INVESTMENT ADVISOR DEFINITION

- **Investment Advisor** = person or group that makes investment recommendations or conducts securities analysis in return for a fee, whether through direct management of clients' assets or by way of written publications. The precise definition of the term was established through the Investment Advisers Act of 1940.
- Two types: Money Managers & Investment Consultants
- Registration can be with SEC or State, depending on size
- SEC registration
  - ADV Parts 1, 2a and 2b
- Other type of entities (Not Investment Advisors)
  - Brokers\Dealers – work for commissions, fee sharing, underwriting
  - Banks – work on interest rate spread and fees
  - Insurance Companies – fees, commissions, spread, life expectancy

# FIDUCIARY

- A fiduciary duty is a commitment to act in the best interests of another person or entity. Broadly speaking, a fiduciary duty is a ***duty of loyalty*** and a ***duty of care***. That is, the fiduciary must act only in the best interests of a client or beneficiary. And the fiduciary must act diligently in those interests.
- While you should always expect a high standard of care from your fiduciary, you should know what rights this relationship grants you and what responsibilities are not part of your fiduciary's duties, in order to protect yourself.

## **The below language is included In our standard Client Agreement:**

*MPC will not solicit or accept any cash, commission, referral fee or other economic benefit ("Benefit") from any present or prospective manager of Client's assets or other related service provider to Client as consideration for or in connection with MPC's referral of Client to, or MPC's recommendation to Client or evaluation for Client of, any such manager or other service provider. If any Benefit is offered to MPC by any current or prospective manager of Client's assets or other related service provider to Client, MPC will immediately so notify Client and will, if requested by Client, use its best efforts to enable Client to obtain and receive such Benefit for the sole benefit, possession, and use of Client.*

# Approach

Each investment program should be customized to meet their unique needs and requirements. A typical approach typically involves a combination of passive and active investments, with the passive investments used to build a low cost, risk reducing core.

## 1. Policy

- Design a Sound Investment Policy Statement
- Model & Test Asset Allocation Options
- Active\Passive Policy

## 2. Portfolio Construction\Manager Selection

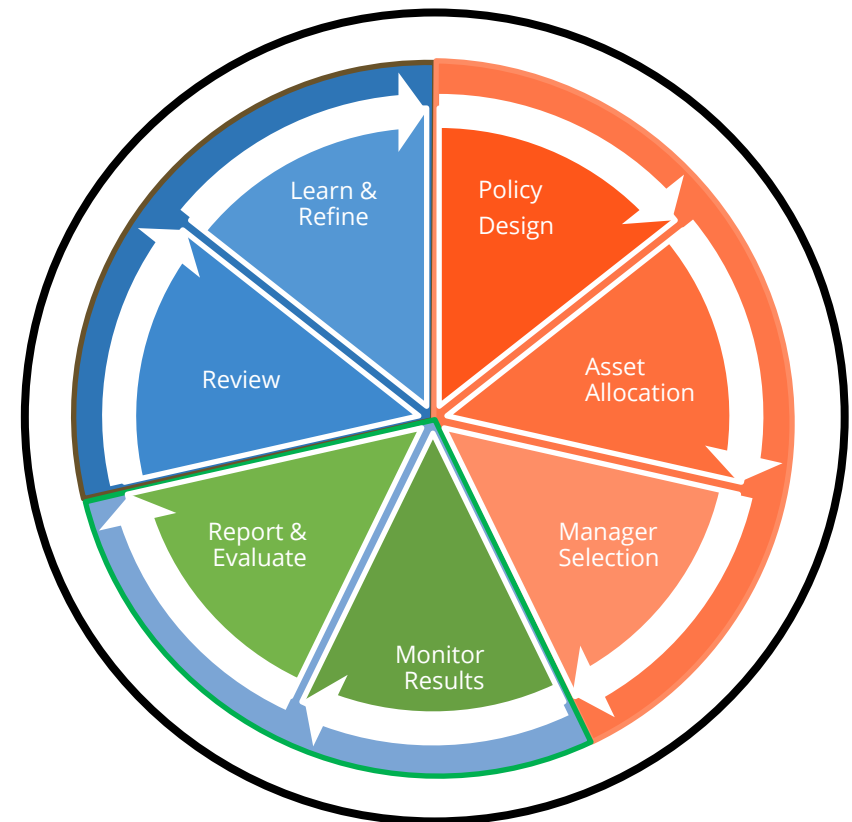
- Research Managers, Assess & Select
- Portfolio Constructions
- Research Markets\Tactical Approach

## 3. Monitor & Report

- Monitor Fidelity
- Understand Reasons for Results
- Make Judgments\Adjust
- Implement Changes & Rebalancing

## 4. Administration

- Custody, Brokerage, etc.
- Proxy voting



# Approach

Regardless of a client's size or objectives, throughout our unique process-driven approach, we remain focused on providing quality service:

## Define & Plan

### Investment Policy Design

Developing and revising Investment Policy Statements to define clear guidelines to define the fund's expectations of each stakeholder.

### Asset Allocation

MPC models and develops asset allocations to conform to risks and objectives. an allocation commensurate with objectives is the cornerstone of our consulting.

## Implement & Advise

### Manager Selection

MPC maintains an extensive list of active and passive managers providing a service to selecting the proper allocation.

### Education

We strive to do everything we can in efforts to ensure our clients make highly informed decisions; allowing them to focus their time and effort on their own expertise.

## Review & Evaluate

### Performance Evaluation

MPC continuously reviews and evaluates to determine if the portfolio is properly positioned to achieve the client's goals.

### Portfolio Maintenance

Efficiently rebalance the portfolio assets to the targets, support any cash flow needs, model and stress test the fund's liquidity assumptions and requirements.

# Investment Policy Considerations

*Defining the Objectives, Goals & Risks: Endowment*

## Objectives

- Spending Rate
- Real Return
- Growth
- Limit Downside Risk Due to Interest Rate Change

## Goals

- 4% (To Discuss)
- 4% + 3%
- 4% + 3% + 1%
- Beat Benchmark
- Positive Alpha
- Control Strategy\Mgr Risk
- Beat Peers

## Absolute Risk Controls

- **Adventist Values**
- Define Fund Purpose
- Liquidity
- **Fee Structure**
- Diversity of Asset Classes
- Committee Responsibilities
- Staff Responsibilities
- Role of Consultant
- **Custodial Controls**
- **Brokerage Controls**
- **Advisor Controls**
- **Compliance Controls**
- Portfolio Controls
- Audit Controls
- Proxy Voting
- Counter Party Management

## Relative Risk Controls "Alpha Skill Factors"

### Equity

- Timing
- **Security**
- Style
- Size
- Sector/Industry

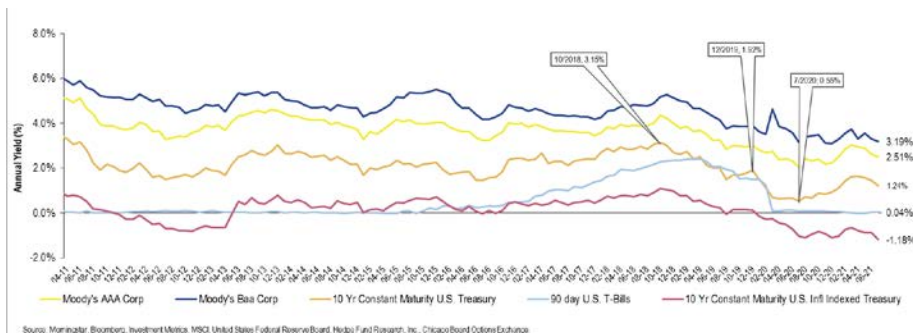
### Credit\Income

- Timing
- **Duration**
- **Credit**
- Yield Curve
- Coupon
- Sector
- Security

### Alternatives

- **Manager Risk**
- Leverage
- **Liquidity**
- Credit
- **Trading**
- **Selection**
- **Correlation**
- Many Others

## INTEREST RATES



Source: Bloomberg

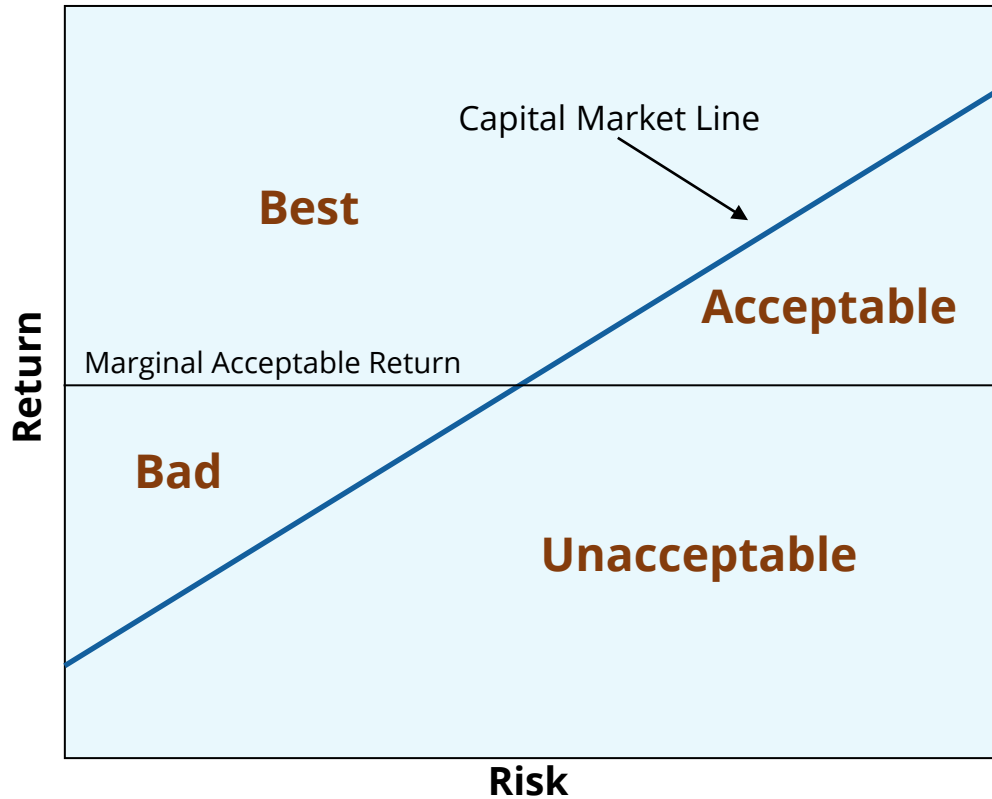
**Amount of Success Dependent upon Asset Allocation or Strategy/Manager Skill?**



# Measuring Success

Define Success - Absolute & Relative Goals

## Sponsor Expectations



### Absolute Goals

- Exceed Target Rate of Return
- Exceed AA Asset Class Assumption
- Control Risk (Standard Deviation/Loss)

### Relative Goals

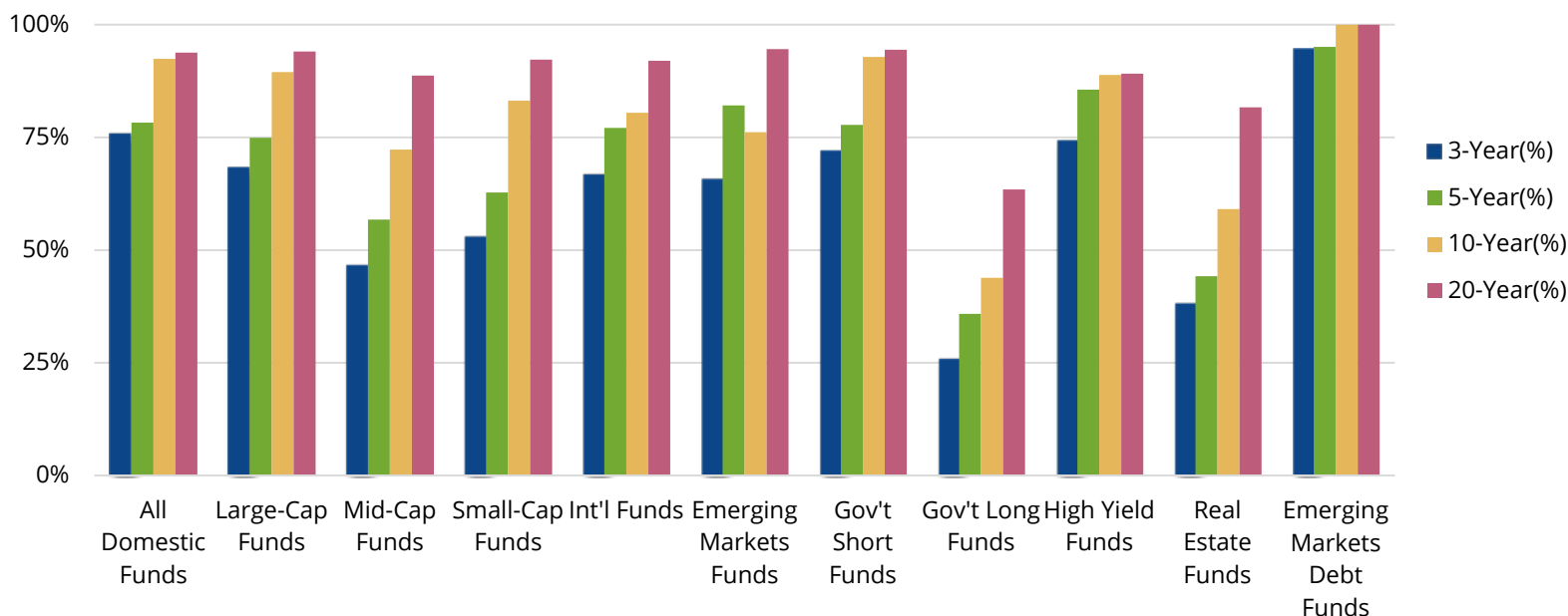
- Beat Benchmark
- Earn Positive Alpha
- Control Risk (Tracking Error)

**Lower Interest Rate Environment Has Pushed Investors To Higher Risk Allocations & Higher Skill Based Strategies. Especially If the MAR is Not Lowered**

# S&P Indexes versus Active ("SPIVA")

## Percentage of Funds Outperformed by Benchmarks - Risk Adjusted

Various Periods Ending 6/30/2021



### SPIVA study conclusions, for consideration:

- Most managers underperform in traditional asset classes
- Results are similar when adjusting for risk
- Persistence of outperforming managers is weak
- Fees are a major factor for underperformance

### MPC observations:

- Increased investment cash flow to ETFs and index funds may increase risks and improve opportunities for active managers, over time.
- High tracking error managers add risk
- Fees still matter

Asset Class	Category Comparison Index	3-Year(%)	5-Year(%)	10-Year(%)	20-Year(%)
All Domestic Funds	S&P Composite 1500	75.79	78.26	92.42	93.80
Large-Cap	S&P 500	68.38	74.92	89.49	94.05
Mid-Cap	S&P MidCap 400	46.73	56.75	72.30	88.70
Small-Cap	S&P SmallCap 600	53.01	62.77	83.16	92.25
International	S&P International 700	66.76	77.10	80.47	92.01
Emerging Markets Equity	S&P/IFCI Composite	65.74	82.08	76.16	94.59
Gov't Short	Barclays US Government (1-3 Year)	72.00	77.78	92.86	94.44
Gov't Long	Barclays US Government Long	26.00	35.85	43.84	63.46
High Yield	Barclays US Corporate High Yield	74.26	85.58	88.83	89.12
Real Estate	S&P United States REIT	38.27	44.19	59.09	81.67
Emerging Markets Debt	Barclays Emerging Markets	94.55	95.08	100.00	100.00

Source: S&P Dow Jones Indices LLC. Data as of June 30, 2021.

Past performance is no guarantee of future results. Table is provided for illustrative purposes

# PERFORMANCE PRESENTATION STANDARDS

- **Past Performance is not an indication of future performance.**
- **Warning: These figures were compiled to show the performance of XYZ Manager in the best possible way. Time periods shown and accounts comprising the composite were selected with the intent of improving XYZ's composite performance.**

# AN APPROACH TO A BETTER PORTFOLIO

## **Minimize Fees & Expenses**

- Build a core portfolio of low-cost managers, including customized index funds
- Ensure your portfolio takes advantage of the best available vehicles to maximize your return
- Improve relationships with vendors and service providers while lowering fees & expenses

## **Reduce Portfolio Risk**

- Develop investment policies focused on Fund specific liabilities
- Better recognize the underlying risks being taken with your portfolio through in-depth holdings- based analysis
- Run stress-tests to better manage the potential impacts and outcomes
- Implement clear investment strategies focused on your complex goals and objectives

## **Advance Client Values**

- Work with managers who have track records of responsible investing
- Get the non-investment issues right (e.g., Proxy Voting)
- Design custom guidelines for your Funds

# Monitoring & Reporting: Monitoring Performance & Compliance

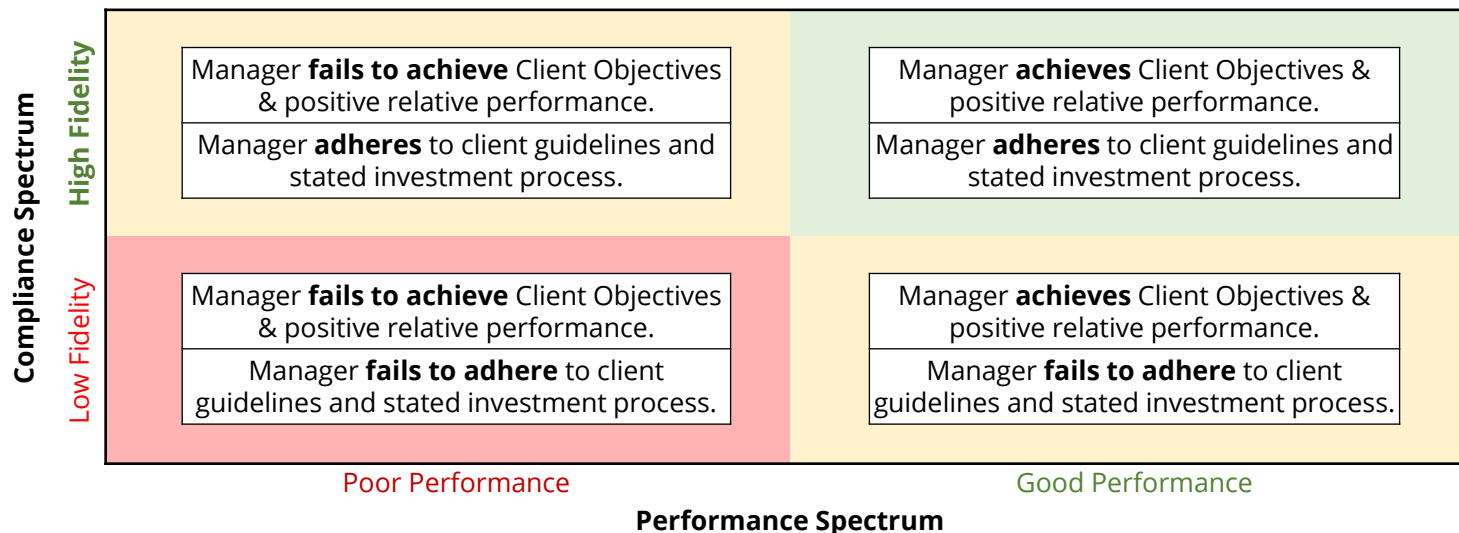
## Questions on Performance:

- What Was Your Portfolio **Performance**? **Your Experience**?
- Did Fund Results **Meet** Your **Objectives**?
- Did The Manager **Add Real Value** To Your Fund?
- How Did Your Fund **Compare** To **Similar Funds**?

## Questions on Fidelity :

- Did Your Managers **Adhere** To Their **Stated Disciplines**?
- Did Your Managers **Adhere** To Your **Written Guidelines**?
- Have Your **Managers Changed**? **The Firm**?
- Are All **Fees** And **Conflicts** Fully **Disclosed**?

Fidelity/Performance Matrix



Document Past Results - Monitor Success Versus Expectations

# Design & Implementation: Manager Research & Selection

## Key Factors for Manager Selection

- ✓ Organization & ownership
- ✓ Investment & research approach
- ✓ Alignment with investment objectives
- ✓ Depth and breadth of experience:
- ✓ Investment Team\Professionals
- ✓ Definable skill with expected persistence
- ✓ Fit within existing manager roster
- ✓ Ability to implement plan policies principles
- ✓ Client servicing
- ✓ Operations, trading & facilities
- ✓ Legal & regulatory & compliance
- ✓ Fee structure
- ✓ Vehicle type, liquidity and other offering terms
- ✓ Performance

Seek to identify best-in-class professional investment managers on a worldwide basis with demonstrated experience, expertise and reputation within the investment community

# REASONABILITY TEST

IF FIXED INCOME ALLOCATION = YTW, WHAT MUST THE RISK ASSETS RETURN TO MEET TARGET RETURN?

## Fixed Income = Bloomberg Barclays US Agg

Fixed Income YTW 1.20  
Actuarial Rate 6.00

Asset Allocation		Return Required From Risk Assets
% Fixed Income	% Risk Assets	
25.0%	75.0%	7.6
30.0%	70.0%	8.1
40.0%	60.0%	9.2
45.0%	55.0%	9.9
50.0%	50.0%	10.8
60.0%	40.0%	13.2
65.0%	35.0%	14.9
70.0%	30.0%	17.2
75.0%	25.0%	20.4
80.0%	20.0%	25.2
90.0%	10.0%	49.2

## Fixed Income = Bloomberg - Russell 10 Yr LDI

10 Year LDI YTW 1.86  
Actuarial Rate 6.00

Asset Allocation		Return Required From Risk Assets
% Fixed Income	% Risk Assets	
25.0%	75.0%	7.4
30.0%	70.0%	7.8
40.0%	60.0%	8.8
45.0%	55.0%	9.4
50.0%	50.0%	10.1
60.0%	40.0%	12.2
65.0%	35.0%	13.7
70.0%	30.0%	15.7
75.0%	25.0%	18.4
80.0%	20.0%	22.6
90.0%	10.0%	43.3

6% Target Return

- Risk Assets must earn almost 10% if the fixed income portfolio earned the yield-to-worst of the fixed income portfolio.
- Since December 31, 1989, the S&P 500 has returned 9.9% while other risk assets have returned less.
- Given lower interest rate environment, one might expect lower returns from equity going forward.

## Fixed Income = Bloomberg Barclays US Agg

Fixed Income YTW 1.20  
Actuarial Rate 4.00

Asset Allocation		Return Required From Risk Assets
% Fixed Income	% Risk Assets	
25.0%	75.0%	4.9
30.0%	70.0%	5.2
40.0%	60.0%	5.9
45.0%	55.0%	6.3
50.0%	50.0%	6.8
60.0%	40.0%	8.2
65.0%	35.0%	9.2
70.0%	30.0%	10.5
75.0%	25.0%	12.4
80.0%	20.0%	15.2
90.0%	10.0%	29.2

## Fixed Income = Bloomberg - Russell 10 Yr LDI

10 Year LDI YTW 1.86  
Actuarial Rate 4.00

Asset Allocation		Return Required From Risk Assets
% Fixed Income	% Risk Assets	
25.0%	75.0%	4.7
30.0%	70.0%	4.9
40.0%	60.0%	5.4
45.0%	55.0%	5.8
50.0%	50.0%	6.1
60.0%	40.0%	7.2
65.0%	35.0%	8.0
70.0%	30.0%	9.0
75.0%	25.0%	10.4
80.0%	20.0%	12.6
90.0%	10.0%	23.3

4% Target Return

- Risk assets must earn approximately 6% if actuarial discount rate is lowered to 4%.
- Over most periods, risk asset have a higher probability of earning 6% or greater.

Current Mix 80% LDI





General Conference of Seventh-day Adventists  
Investment Office

Index ▲ 1.56 ▼ 0.78

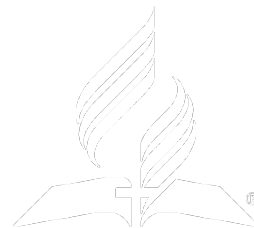
GC Investment Program Introduction March 2022





# Important Disclosures

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## *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.*

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*“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

Pensions/Endowments

Operating / General

Plant / Project Funds

Donor Advised



Long term investments for pensions and retirement funding.

Medium term investments focusing on income generation for operating needs.

Medium to long term investments to meet the needs for property maintenance or project financing.

Funds donated by individuals are held for various mission projects as directed by the donor.



# General Conference Investment Office

## *Investment Services*

### Investment Guidance



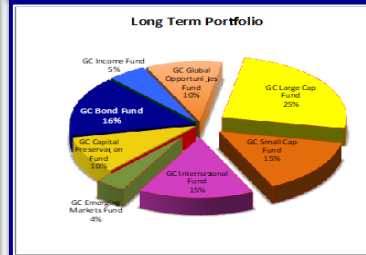
Provide initial consultation and guidance church entities in order to develop a sound investment program.

### GC Unitized Funds



Operate 18 unitized funds which may provide a solid foundation for an investment portfolio.

### Portfolio Construction

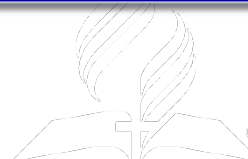


Help construct investment portfolios that are tailored to the objectives and constraints of investors.

### Tactical Asset Allocation



Provide ongoing advice to manage or change the asset mix as needed as the market outlook changes.



# GC Investment Platform:

## *Key Investment Tools for our Investors*

### **GC Investment Funds**

#### **Actively Managed**

GC Money Fund  
GC Capital Preservation Fund  
GC Bond Fund  
GC Total Return Bond Fund  
GC Income Fund  
GC Global Opportunities Fund  
GC US Large Cap Fund  
GC US Small Cap Fund  
GC International Fund  
GC Emerging Markets Fund

#### **Index Funds**

SDA Short Bond Index Fund  
SDA Intermediate Bond Index Fund  
SDA Aggregate Bond Index Fund  
SDA US Large Cap Index Fund  
SDA US Small/Mid Cap Index Fund  
SDA International Index Fund  
SDA Emerging Markets Fund

The GC has established a number of funds for investors to utilize to create a well diversified and well structured portfolio. There are two types of funds: 1. Actively Managed and 2. Passively managed

66 Index Funds

### **GC Model Portfolios**

#### **Safety Model**

Objective: Safety of capital  
Short term (1-2 years), low risk

#### **Income Model**

Objective: Generate income  
Medium term (2-5 years), Medium risk

#### **Low Volatility Growth**

Objective: Growth with lower risk  
Medium to long term (2-10 years)

#### **Balanced Growth**

Objective: Growth with medium risk

#### **Long Term Growth**

Objective: Long term, 'aggressive' growth

The GC has developed five basic model investment portfolios which can be used as templates for investors to build their own portfolio. These portfolios have been tested to ensure that they have appropriate risk/return characteristics for each objective.

### **GC Tactical Fund and Asset Allocation Program**

Provides monthly tactical asset allocation recommendations to investors. The program was developed for the GC by Parala Capital. The TAAG Program utilizes the Parala Alpha Predictor<sup>®</sup> model which utilizes a econometric model to determine which investments should outperform each month. These recommendations can be implemented in order to improve the performance of a portfolio or reduce the risk levels when appropriate.

The GC along with Parala has developed an automated way to implement the monthly tactical investment recommendations.

The GC has developed a tactical asset allocation program which will help guide investors to modify their portfolios to adjust the risk/return parameters as market conditions change. It seeks to protect investors from major downturns and help improve performance in upturns.





# GC Investment Committee (GCIC)



GCIC Chair  
Paul H Douglas,  
Treasurer  
*General Conference*



GCIC Vice-Chair  
Randy Robinson  
Treasurer CFO  
*North American Division*



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



GCIC Assoc. Secretary  
Edwin Romero  
Retirement Administrator  
*North American Division*



Markus Czettel  
Associate Treasurer  
*Inter-European Division*



Raymond Jimenez  
President  
*Adventist HealthCare  
Retirement Plan*



J Raymond Wahlen II  
Under-Treasurer  
*General Conference*



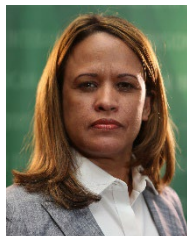
Andrew Moll  
Corporate Treasurer  
*Adventist Risk Management*



Rodney Neal  
Sr. VP Financial Affairs  
*Loma Linda University Health*



Judy Glass  
Under-Treasurer  
*North American Division*



Ivelisse Herrera  
Under-Treasurer  
*Inter-America Division*



Regis Reis  
Under-Treasurer  
*South American Division*



Scot Coppock  
Associate Director  
*Planned Giving and Trust Svc*



Juan Prestol-Puesan  
Treasurer Emeritus  
*Advisor to GCIC*

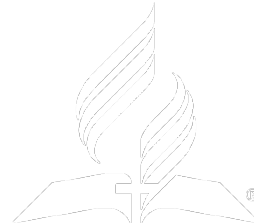


Erik Gebhard  
CEO, Altavest World Trading Inc.  
*Advisor to GCIC*

# GC Investment Funds

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The GC Investment Office (GCIO) provides funds for church entities to utilize for their investment needs. The funds have different objectives and styles and are managed by professional money managers.



# GC Funds



<p><b>GC Money Fund</b> Short term cash management</p> <p>\$458,028,466</p>	<p><b>GC Capital Preservation Fund</b> Protection of capital plus growth</p> <p>\$130,858,226</p>	<p><b>GC Bond Fund</b> Actively managed core bond portfolio</p> <p>\$181,253,930</p>	<p><b>GC Total Return Bond Fund</b> Actively managed global bonds</p> <p>\$103,990,473</p>	<p><b>GC Income Fund</b> Actively managed balanced income fund</p> <p>\$326,282,664</p>	<p><b>GC Global Opportunities Fund</b> Global balanced growth fund</p> <p>\$110,679,309</p>
<p><b>GC U.S. Large Cap Fund</b> Actively managed U.S. Large Cap portfolio</p> <p>\$114,838,361</p>	<p><b>GC U.S. Small Cap Fund</b> Actively managed U.S. Small Cap Portfolio</p> <p>\$29,903,824</p>	<p><b>GC International Equity Fund</b> Actively managed int'l equity fund</p> <p>\$40,553,938</p>	<p><b>GC Emerging Markets Equity Fund</b> Actively managed emerging markets fund</p> <p>\$22,818,957</p>	<p><b>GC Opportunistic Liability Driven Investment Fund</b> Specialty fund to manage funds for a pension plan.</p> <p>\$353,340,065</p>	<p><b>GC Alternative Investment Fund</b> A fund of funds holding several alternative funds.</p> <p>\$75,409,775</p>
<p><b>SDA Short Term Bond Index Fund</b> Short term bond index fund</p> <p>\$2,760,038</p>	<p><b>SDA Intermediate Bond Index Fund</b> Intermediate term bond index fund</p> <p>\$52,629</p>	<p><b>SDA Total Market Bond Index Fund</b> Total market bond index fund</p> <p>\$42,775,545</p>	<p><b>SDA U.S. Large Cap Index Fund</b> U.S. Large Cap Index fund</p> <p>\$124,588,760</p>	<p><b>SDA U.S. Small Cap Index Fund</b> U.S Small Cap Index fund</p> <p>\$40,281,938</p>	<p><b>SDA International Index Fund</b> International Index fund</p> <p>\$58,006,759</p>





# Sub-Advisors



## Fixed Income Funds



## U.S. Equity Funds



## International Equity Funds



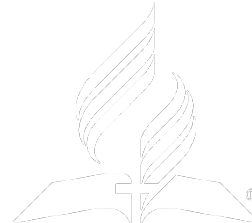
## Balanced Funds



# SDA Values Screen



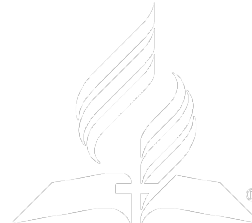
1. Tobacco manufacturers. (e.g. Phillip Morris, British American Tobacco)
  2. Alcohol manufacturers and sales (MillerCoors, Diagio, many restaurants chains which derive a large portion of sales from alcohol)
  3. Pornography production (no stocks are listed in major exchanges)
  4. Gambling and gaming companies (Caesars Entertainment)
  5. Meat product manufacturers and sales (Hormel, McDonalds)
  6. Caffeinated beverage manufacturers and sales. (Coke, Starbucks)
- 
1. Eliminate poorly performing companies; repeat offenders; no change in behavior.
  2. Environmental: BHP Billiton (Mining Practices), Volkswagen (Emissions)
  3. Social (Worker Exploitation, Community impact): Harmony Gold (South Africa), Grupo Mexico.
  4. E.g. Wells Fargo (Fraud), Deutsche Bank (Market Manipulation), Petrobras (Bribery)



# GC Investment Annualized Performance Summary

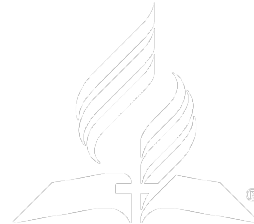
*As At May 2022*

GC UNITIZED FUNDS	Market Value	1 Mo	3 Mo	YTD	1 Yr	3Yrs	5Yrs	10Yrs	Return	Since
		(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)	
<b>GC MONEY FUND</b>	<b>\$470,335,803</b>	<b>0.1</b>	<b>0.0</b>	<b>0.1</b>	<b>0.2</b>	<b>1.3</b>	<b>1.4</b>	<b>0.9</b>	<b>2.0</b>	<b>Dec-98</b>
91 Day T-Bills		0.1	0.1	0.1	0.1	0.6	1.0	0.6	1.6	
<b>GC CAPITAL PRESERVATION FUND</b>	<b>\$131,021,324</b>	<b>0.2</b>	<b>-1.2</b>	<b>-2.3</b>	<b>-1.8</b>	<b>1.4</b>	<b>1.6</b>	<b>1.3</b>	<b>1.8</b>	<b>Dec-07</b>
91 Day T-Bills		0.1	0.1	0.1	0.1	0.6	1.0	0.6	1.6	
<b>GC BOND FUND</b>	<b>\$181,592,385</b>	<b>0.6</b>	<b>-4.2</b>	<b>-6.4</b>	<b>-6.6</b>	<b>0.0</b>	<b>0.9</b>	<b>1.2</b>	<b>3.1</b>	<b>Jun-02</b>
Bloomberg US Govt/Credit Int TR		0.7	-3.7	-5.7	-6.2	0.6	1.3	1.6	3.3	
<b>GC TOTAL RETURN BOND FUND</b>	<b>\$104,118,190</b>	<b>0.0</b>	<b>-6.2</b>	<b>-9.3</b>	<b>-9.7</b>	<b>-0.6</b>	<b>0.4</b>	<b>--</b>	<b>1.2</b>	<b>Jun-15</b>
Bloomberg US Aggregate TR		0.6	-5.9	-8.9	-8.2	0.0	1.2	1.7	3.7	
<b>GC INCOME FUND</b>	<b>\$326,594,934</b>	<b>0.7</b>	<b>-3.5</b>	<b>-5.4</b>	<b>-4.0</b>	<b>3.8</b>	<b>3.9</b>	<b>3.9</b>	<b>4.3</b>	<b>Sep-01</b>
Bloomberg US Credit Int TR		0.9	-4.2	-6.8	-7.0	1.0	1.8	2.4	4.2	
<b>GC LARGE CAP EQUITY FUND</b>	<b>\$114,845,669</b>	<b>1.1</b>	<b>-3.7</b>	<b>-8.1</b>	<b>0.0</b>	<b>9.3</b>	<b>8.1</b>	<b>11.1</b>	<b>6.9</b>	<b>Dec-96</b>
S&P 500		0.2	-5.2	-12.8	-0.3	16.4	13.4	14.4	13.7	
<b>GC SMALL CAP EQUITY FUND</b>	<b>\$29,966,754</b>	<b>1.4</b>	<b>-5.4</b>	<b>-8.5</b>	<b>-3.8</b>	<b>11.5</b>	<b>8.0</b>	<b>10.5</b>	<b>8.3</b>	<b>Jun-02</b>
Russell 2000		0.2	-8.7	-16.6	-16.9	9.7	7.7	10.8	8.7	
<b>GC INTERNATIONAL FUND</b>	<b>\$40,534,174</b>	<b>2.2</b>	<b>-2.5</b>	<b>-4.4</b>	<b>-5.2</b>	<b>5.4</b>	<b>2.7</b>	<b>5.8</b>	<b>4.5</b>	<b>Dec-96</b>
MSCI EAFE		0.7	-5.2	-11.3	-10.4	6.4	4.2	7.2	4.6	
<b>GC EMERGING MARKETS FUND</b>	<b>\$22,831,422</b>	<b>0.7</b>	<b>-5.9</b>	<b>-11.7</b>	<b>-22.4</b>	<b>3.4</b>	<b>1.8</b>	<b>3.2</b>	<b>5.7</b>	<b>Dec-96</b>
MSCI Emerging Markets		0.4	-7.3	-11.8	-19.8	5.0	3.8	4.2	5.7	
<b>GC GLOBAL OPPORTUNITIES FUND</b>	<b>\$111,078,978</b>	<b>0.7</b>	<b>-2.2</b>	<b>-3.6</b>	<b>-4.1</b>	<b>3.4</b>	<b>2.6</b>	<b>3.2</b>	<b>3.0</b>	<b>Nov-10</b>
50% MSCI ACWI + 50% Bloomberg Agg		0.4	-5.8	-10.8	-7.4	6.1	5.3	6.1	5.8	
<b>GC TACTICAL FUND</b>	<b>\$128,778,919</b>	<b>-0.6</b>	<b>-5.7</b>	<b>-10.3</b>	<b>-4.7</b>	<b>0.8</b>	<b>--</b>	<b>--</b>	<b>1.3</b>	<b>Dec-18</b>
50% MSCI ACWI + 50% Bloomberg Agg		0.4	-5.8	-10.8	-7.4	6.1	5.3	6.1	7.4	



## GC Investment Portfolio Models (Strategic Models)

The GC Investment Office (GCIO) has created Investment Portfolio Models (sometimes called Strategic Models) to meet the church investors. These are models which can be followed by investors for medium and long term investments.



# Investment Models & Objectives

Objectives	Safety of principal	Generating Current Income	Long Term Portfolio Growth
Model Portfolios	Safety Model	Income Model	Low Volatility Growth Balanced Growth Long Term Growth
Purpose	Provide safety of principal and preservation of purchasing power	Provide steady income without encroaching on principal.	Provide long term growth of principal utilizing different levels of risk.
Typical Use by Church Entities	Capital projects, donor advised funds. A short to medium term investment 1-2 years.	Operating funds, revolving funds, or other income generating needs over a long term. Minimum 3-5 years.	Pension or retirement plans, plant funds, endowment funds and other long term growth needs. Minimum 3-5 years.

- The GC Investment Office has developed 5 investment model portfolios which can be employed by investors to achieve the investment objectives for SDA entities and institutions.
- These model portfolios correspond to typical investment objectives for Church entities.
- Investors could invest their portfolios by following these models or may customize the portfolio as needed.
- These models have been researched and developed in consultation with an investment consultant who has conducted an asset allocation study and fulfills the requirements of the GC investments policies.

## S85 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

- The following chart provides the allocations utilized by each of the model portfolios developed by the GC Investment Office.
- The models utilize the GC Unitized Funds as the investment vehicles.
- The portfolios may have allocations to Cash & Cash Equivalents, Fixed Income, Equities and Balanced Funds.
- The funds contain investments across a wide range of investment types and geographic regions.
- The model performance and volatility (riskiness) is shown below.

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

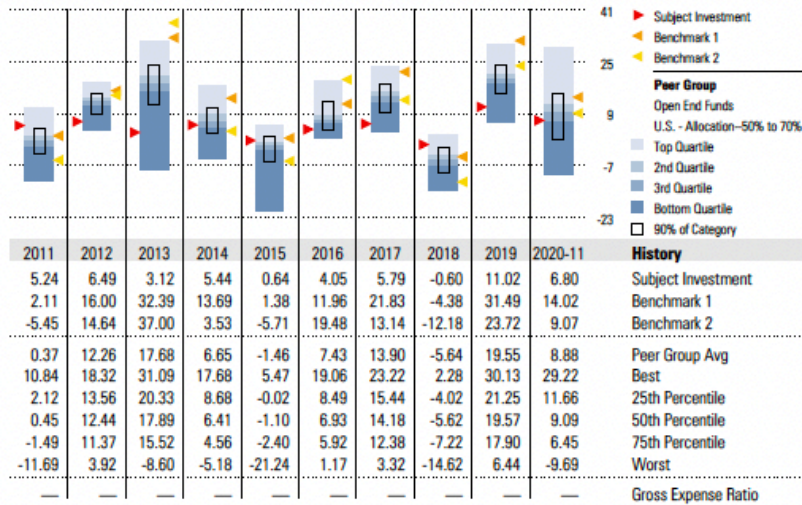


# GC Model Income - New

## Performance Evaluation

Currency USD    Benchmark 1 S&P 500 TR USD    Benchmark 2 Russell 2000 PR USD    Morningstar Category —

### Return vs Peer Group



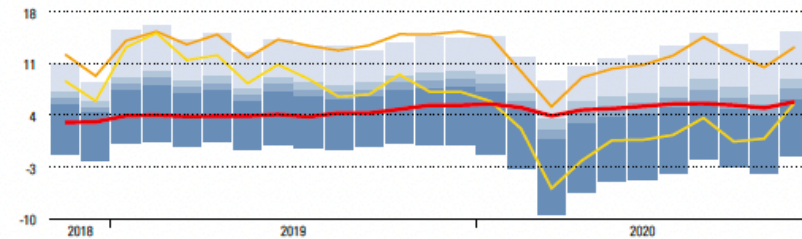
### Trailing Returns as of 11/30/2020

	Inv %	B-mark 1%	B-mark 2%
YTD	6.80	14.02	9.07
1 Month	2.73	10.95	18.29
3 Months	1.33	3.89	16.51
6 Months	4.74	19.98	30.54
1 Year	7.45	17.46	12.02
2 Years	8.72	16.78	8.94
3 Years	5.77	13.17	5.63
4 Years	5.83	15.52	8.31
5 Years	5.23	13.99	8.72
10 Years	4.80	14.19	9.61

### Return/Risk Analysis 12/1/2015 to 11/30/2020

	Inv	B-mark 1	B-mark 2
Cumulative Return	29.05	92.44	51.89
Standard Deviation	3.50	15.26	21.45
Sharpe Ratio	1.16	0.84	0.35
Sortino Ratio	2.05	1.31	0.51
Calmar Ratio	1.52	0.71	0.26
Best Month	3.11	12.82	18.29
Worst Month	-3.09	-12.35	-21.90
Best Quarter	5.39	20.54	25.00
Worst Quarter	-2.39	-19.60	-30.89
% of Up Month	73.33	75.00	66.67
% of Down Month	26.67	25.00	33.33
Avg Monthly Gain	0.84	3.01	3.90
Avg Monthly Loss	-0.71	-4.44	-5.42
Gain Std Dev	2.49	9.76	13.46
Loss Std Dev	2.75	12.30	18.40
Longest Up Streak (Mo)	13	15	6
Run Up %	12.23	36.22	15.10
Start Date	1/2019	11/2016	3/2018
End Date	1/2020	1/2018	8/2018
Longest Down Streak (Mo)	2	3	3
Run Down %	-1.36	-19.60	-30.89
Start Date	9/2020	1/2020	1/2020
End Date	10/2020	3/2020	3/2020
Max Drawdown (Mo)	2	3	19
Max Drawdown (%)	-3.44	-19.60	-33.76
Peak Date	2/2020	1/2020	9/2018
Valley Date	3/2020	3/2020	3/2020

### Rolling Performance 36 months per calculation



Name	Total # of Calculations	% in Top Quartile	% in 2nd Quartile	% in 3rd Quartile	% in Btm Quartile	% Above B-mark 1	% Above B-mark 2
Subject Investment	25	4.00	4.00	24.00	68.00	0.00	40.00
Benchmark 1	25	68.00	0.00	0.00	0.00	—	—
Benchmark 2	25	40.00	0.00	8.00	52.00	—	—



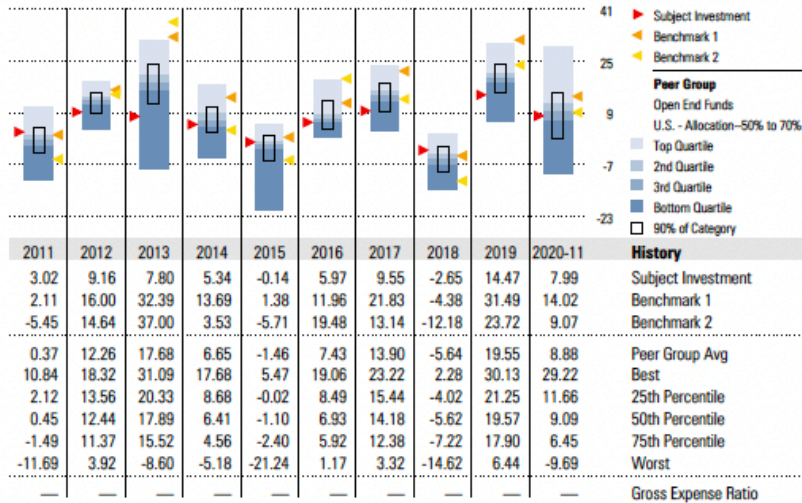


# GC Model Low Vol Growth - New

## Performance Evaluation

Currency: USD    Benchmark 1: S&P 500 TR USD    Benchmark 2: Russell 2000 PR USD    Morningstar Category: —

### Return vs Peer Group



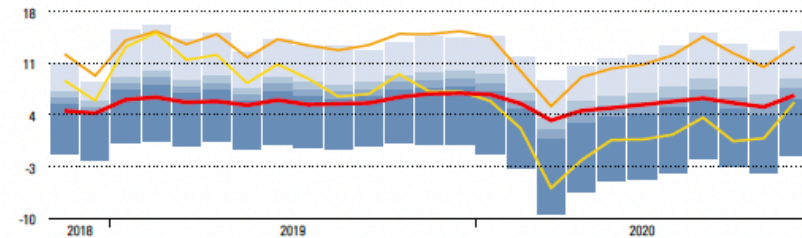
### Trailing Returns as of 11/30/2020

	Inv %	B-mark 1%	B-mark 2%
YTD	7.99	14.02	9.07
1 Month	5.22	10.95	18.29
3 Months	3.10	3.89	16.51
6 Months	9.06	19.98	30.54
1 Year	9.37	17.46	12.02
2 Years	10.12	16.78	8.94
3 Years	6.58	13.17	5.63
4 Years	7.43	15.52	8.31
5 Years	6.71	13.99	8.72
10 Years	6.15	14.19	9.61

### Return/Risk Analysis 12/1/2015 to 11/30/2020

	Inv	B-mark 1	B-mark 2
Cumulative Return	38.34	92.44	51.89
Standard Deviation	5.99	15.26	21.45
Sharpe Ratio	0.92	0.84	0.35
Sortino Ratio	1.48	1.31	0.51
Calmar Ratio	0.85	0.71	0.26
Best Month	5.22	12.82	18.29
Worst Month	-5.99	-12.35	-21.90
Best Quarter	8.60	20.54	25.00
Worst Quarter	-7.47	-19.60	-30.89
% of Up Month	73.33	75.00	66.67
% of Down Month	26.67	25.00	33.33
Avg Monthly Gain	1.27	3.01	3.90
Avg Monthly Loss	-1.43	-4.44	-5.42
Gain Std Dev	4.02	9.76	13.46
Loss Std Dev	5.14	12.30	18.40
Longest Up Streak (Mo)	14	15	6
Run Up %	11.93	36.22	15.10
Start Date	12/2016	11/2016	3/2018
End Date	1/2018	1/2018	8/2018
Longest Down Streak (Mo)	3	3	3
Run Down %	-2.11	-19.60	-30.89
Start Date	2/2018	1/2020	1/2020
End Date	4/2018	3/2020	3/2020
Max Drawdown (Mo)	2	3	19
Max Drawdown (%)	-7.91	-19.60	-33.76
Peak Date	2/2020	1/2020	9/2018
Valley Date	3/2020	3/2020	3/2020

### Rolling Performance 36 months per calculation



Name	Total # of Calculations	% in Top Quartile	% in 2nd Quartile	% in 3rd Quartile	% in Btm Quartile	% Above B-mark 1	% Above B-mark 2
Subject Investment	25	0.00	8.00	32.00	60.00	0.00	44.00
Benchmark 1	25	68.00	0.00	0.00	0.00	—	—
Benchmark 2	25	40.00	0.00	8.00	52.00	—	—

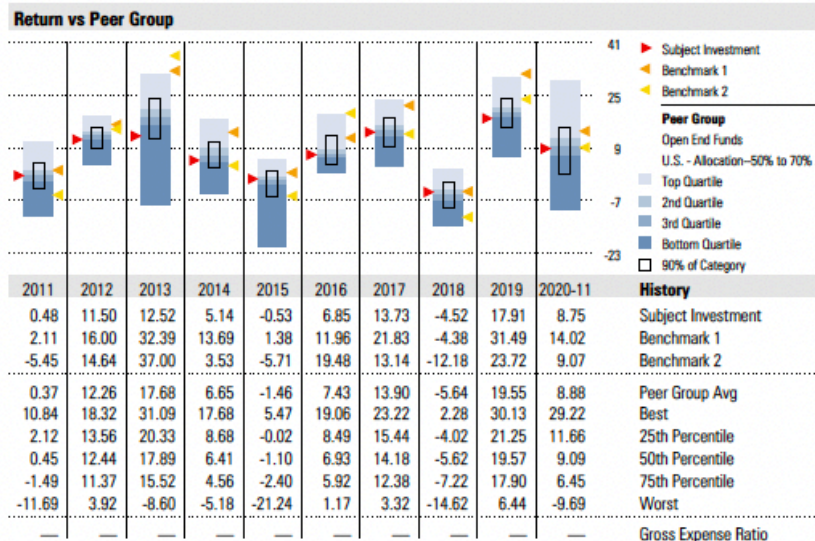




# GC Model Balanced Growth - New

## Performance Evaluation

Currency: USD    Benchmark 1: S&P 500 TR USD    Benchmark 2: Russell 2000 PR USD    Morningstar Category: —

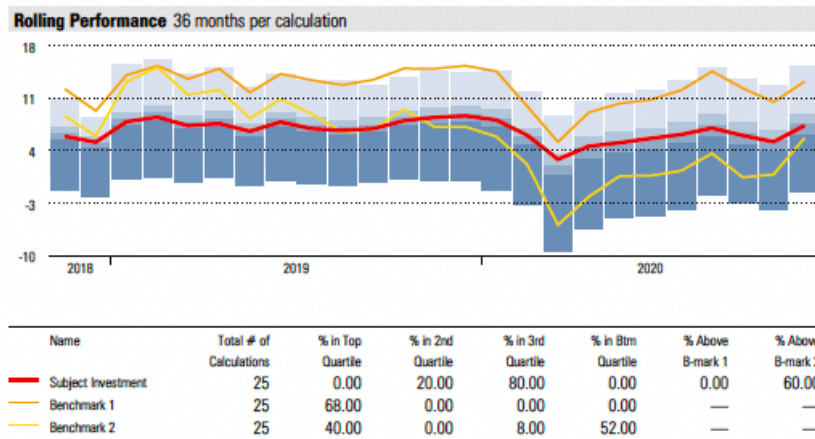


### Trailing Returns as of 11/30/2020

	Inv %	B-mark 1%	B-mark 2%
YTD	8.75	14.02	9.07
1 Month	7.41	10.95	18.29
3 Months	4.21	3.89	16.51
6 Months	12.81	19.98	30.54
1 Year	10.88	17.46	12.02
2 Years	11.32	16.78	8.94
3 Years	7.29	13.17	5.63
4 Years	9.01	15.52	8.31
5 Years	8.00	13.99	8.72
10 Years	7.34	14.19	9.61

### Return/Risk Analysis 12/1/2015 to 11/30/2020

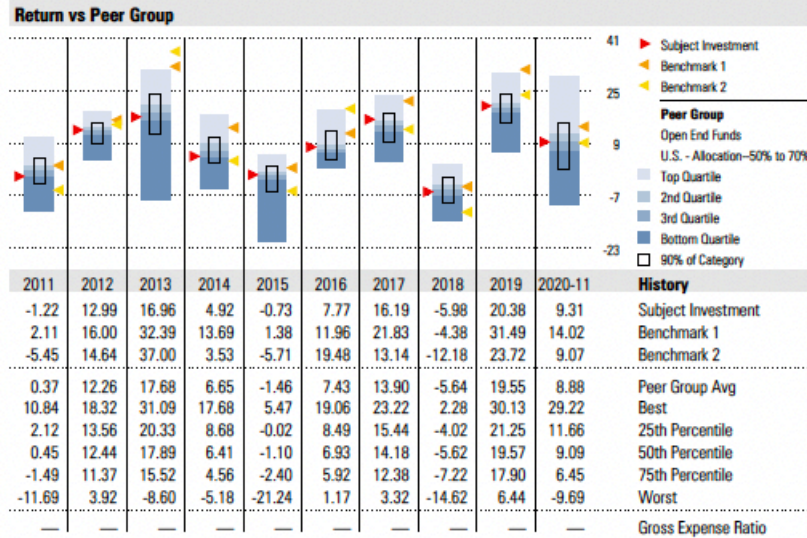
	Inv	B-mark 1	B-mark 2
Cumulative Return	46.95	92.44	51.89
Standard Deviation	8.53	15.26	21.45
Sharpe Ratio	0.80	0.84	0.35
Sortino Ratio	1.25	1.31	0.51
Calmar Ratio	0.68	0.71	0.26
Best Month	7.41	12.82	18.29
Worst Month	-8.23	-12.35	-21.90
Best Quarter	11.47	20.54	25.00
Worst Quarter	-11.80	-19.60	-30.89
% of Up Month	70.00	75.00	66.67
% of Down Month	30.00	25.00	33.33
Avg Monthly Gain	1.78	3.01	3.90
Avg Monthly Loss	-1.96	-4.44	-5.42
Gain Std Dev	5.59	9.76	13.46
Loss Std Dev	7.28	12.30	18.40
Longest Up Streak (Mo)	14	15	6
Run Up %	18.14	36.22	15.10
Start Date	12/2016	11/2016	3/2018
End Date	1/2018	1/2018	8/2018
Longest Down Streak (Mo)	3	3	3
Run Down %	-11.80	-19.60	-30.89
Start Date	1/2020	1/2020	1/2020
End Date	3/2020	3/2020	3/2020
Max Drawdown (Mo)	3	3	19
Max Drawdown (%)	-11.80	-19.60	-33.76
Peak Date	1/2020	1/2020	9/2018
Valley Date	3/2020	3/2020	3/2020



# GC Model LT Growth - New

## Performance Evaluation

Currency: USD    Benchmark 1: S&P 500 TR USD    Benchmark 2: Russell 2000 PR USD    Morningstar Category: —

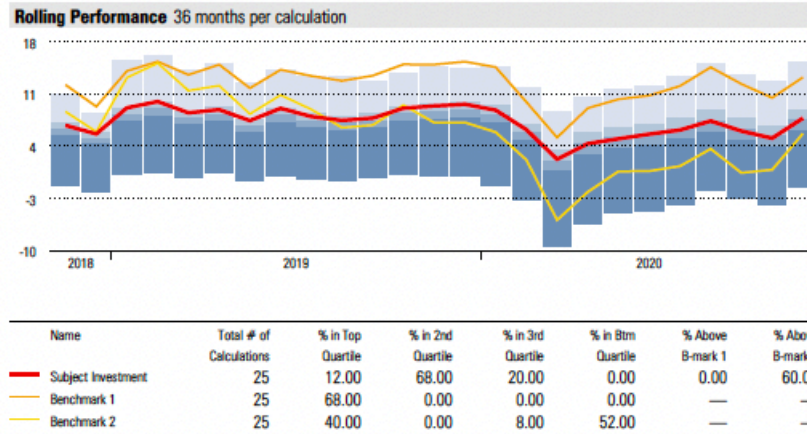


### Trailing Returns as of 11/30/2020

	Inv %	B-mark 1%	B-mark 2%
YTD	9.31	14.02	9.07
1 Month	9.34	10.95	18.29
3 Months	5.46	3.89	16.51
6 Months	15.83	19.98	30.54
1 Year	11.88	17.46	12.02
2 Years	12.02	16.78	8.94
3 Years	7.69	13.17	5.63
4 Years	9.97	15.52	8.31
5 Years	8.82	13.99	8.72
10 Years	8.23	14.19	9.61

### Return/Risk Analysis 12/1/2015 to 11/30/2020

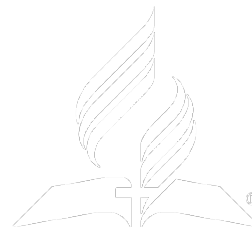
	Inv	B-mark 1	B-mark 2
Cumulative Return	52.56	92.44	51.89
Standard Deviation	10.62	15.26	21.45
Sharpe Ratio	0.72	0.84	0.35
Sortino Ratio	1.10	1.31	0.51
Calmar Ratio	0.58	0.71	0.26
Best Month	9.34	12.82	18.29
Worst Month	-10.10	-12.35	-21.90
Best Quarter	13.82	20.54	25.00
Worst Quarter	-15.16	-19.60	-30.89
% of Up Month	71.67	75.00	66.67
% of Down Month	28.33	25.00	33.33
Avg Monthly Gain	2.10	3.01	3.90
Avg Monthly Loss	-2.73	-4.44	-5.42
Gain Std Dev	6.82	9.76	13.46
Loss Std Dev	9.03	12.30	18.40
Longest Up Streak (Mo)	15	15	6
Run Up %	22.97	36.22	15.10
Start Date	11/2016	11/2016	3/2018
End Date	1/2018	1/2018	8/2018
Longest Down Streak (Mo)	3	3	3
Run Down %	-15.16	-19.60	-30.89
Start Date	1/2020	1/2020	1/2020
End Date	3/2020	3/2020	3/2020
Max Drawdown (Mo)	3	3	19
Max Drawdown (%)	-15.16	-19.60	-33.76
Peak Date	1/2020	1/2020	9/2018
Valley Date	3/2020	3/2020	3/2020



## GC Tactical Asset Allocation Program

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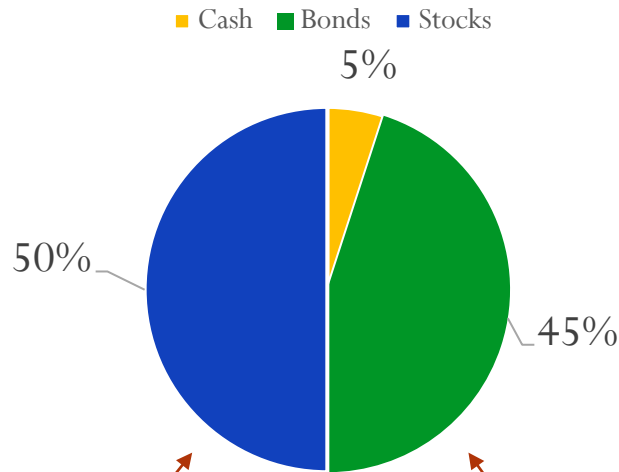
The GC Tactical Asset Allocation Program seeks to enhance GC Investment Portfolios by reducing risk or improving growth potential according to market and economic conditions. The program utilizes the GC Tactical Fund to make periodic portfolio adjustments.





# Tactical Asset Allocation Approach

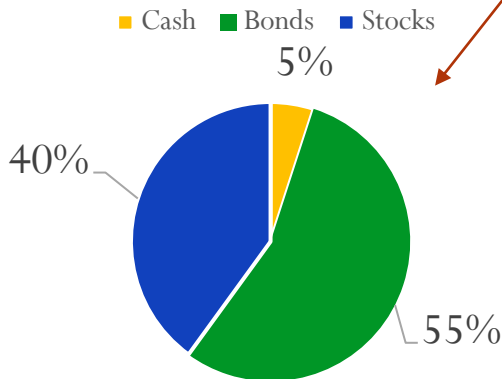
## Strategic Asset Allocation Or Neutral Position



## 2. Tactical Asset Allocation

This approach seeks to modify the base investment allocation depending on the economic and market conditions. In environments that are more conducive to growth, the portfolio will increase equity holdings. When conditions become more tenuous, the portfolio will increase bonds and cash holdings (as shown below).

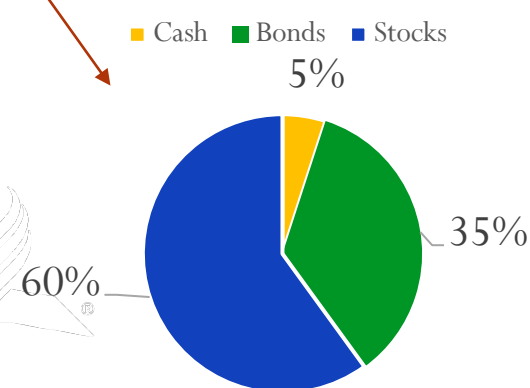
## Tactical Asset Allocation: Cautious



## 3. Tactical Shifts and Ranges

To change a portfolio to achieve a more cautious or more aggressive stance, the portfolio will need to sell one type of investment and buy another type. (e.g. Sell stocks and buy bonds). These shifts should be accomplished in a controlled and systematic manner in order to realize consistent performance and risk control. The ranges in which asset weights can move should be well defined in the Investment Policy Statement.

## Tactical Asset Allocation: Aggressive



# GC Tactical Asset Allocation Guidance Program

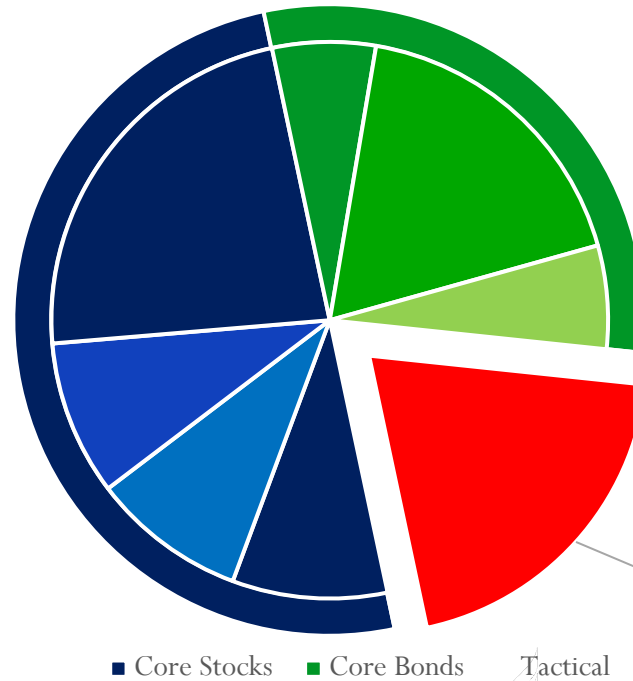
## *With the GC Tactical Fund (example)*

1a. With other tactical asset allocation programs, investors would need to buy and sell portions of various funds to implement the required changes.

Core Holdings  
Equity Funds

1b. This would result in trading activity which the investors must account for monthly in their financial reporting. Frequent trading would also require more stringent oversight of the investment program by treasurers.

### Tactical Asset Allocation *(With Tactical Fund)*



2. The GC Tactical Asset Allocation Program utilizes the GC Tactical Fund within which all trading activities are managed. As all of the trading is conducted inside of the GC Tactical Fund no action is required by the investor to implement the required tactical changes.

GC Tactical  
Fund,  
20.00%

3. The portfolio would have core holdings of equity and bond funds that would not vary over time. Also the GC Tactical Fund would have an allocation that was static. Again all of the trading activities would take place inside the GC Tactical Fund. The performance would be measured at the total portfolio level including all of the core holdings and the GC Tactical Fund.

# GC Tactical Fund Holdings

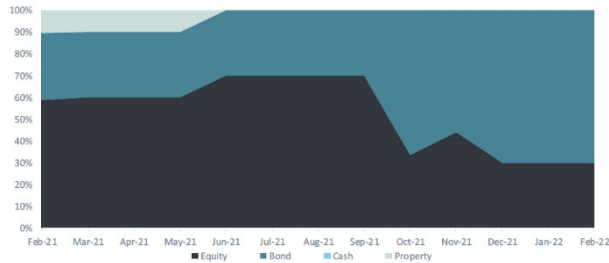
## TACTICAL ASSET ALLOCATION

### TACTICAL ASSET ALLOCATION – ROLLUP LEVEL

	Safety		Income		Low Volatility Growth		Balanced Growth		Long-term Growth	
	Strategic	Tactical	Strategic	Tactical	Strategic	Tactical	Strategic	Tactical	Strategic	Tactical
Capital Preservation	55%	53%	5%	5%	0%	1%	0%	2%	0%	3%
Income	45%	46%	83%	81%	69%	68%	49%	51%	34%	42%
US Equity	0%	1%	8%	9%	19%	20%	29%	28%	39%	35%
Non-US Equity	0%	0%	4%	4%	12%	11%	22%	19%	27%	20%

### TACTICAL ASSET ALLOCATION – FUND LEVEL

GC Tactical Fund Weight		5%	7%	10%	20%	30%					
	Fund Name	Safety		Income		Low Volatility Growth		Balanced Growth		Long-term Growth	
		Strategic	Tactical	Strategic	Tactical	Strategic	Tactical	Strategic	Tactical	Strategic	Tactical
Capital Preservation	GC Money	10.0%	9.5%								
	GC Capital Preservation	45.0%	42.8%	5.0%	4.7%						
	Short Term Fixed		0.5%		0.7%		1.1%		2.1%		3.2%
	GC Bond	10.0%	9.5%	20.0%	18.6%	10.0%	9.0%	5.0%	4.0%	10.0%	7.0%
Income	SDA Intermediate Bond										
	GC Total Return Bond	20.0%	19.0%	20.0%	18.6%	25.0%	22.5%	20.0%	16.0%	10.0%	7.0%
	SDA Total Market Bond		1.3%		1.9%		2.7%		5.3%		8.0%
	Intermediate Gov't Bond		0.5%		0.7%		1.1%		2.1%		3.2%
	SDA Long Gov't Bond		0.3%		0.4%		0.5%		1.0%		1.5%
	SDA 1-10 Yr Tips										
	Credit										
	International Gov't Bond		0.9%		1.2%		1.8%		3.5%		5.3%
Mult-Asset	EM Bond										
	GC Income	15.0%	14.3%	40.0%	37.2%	30.0%	27.0%	20.0%	16.0%	10.0%	7.0%
	GC Global Opportunities			7.5%	7.0%	10.0%	9.0%	10.0%	8.0%	10.0%	7.0%
	GC Large Cap			5.0%	4.7%	10.0%	9.0%	20.0%	16.0%	25.0%	17.5%
US Equities	Large Cap Equity		0.8%		1.1%		1.5%		3.0%		4.5%
	Real-Estate										
	GC Small Cap					5.0%	4.5%	5.0%	4.0%	10.0%	7.0%
Non-US Equity	SDA SMID Cap Equity		0.5%		0.7%		1.1%		2.1%		3.2%
	GC International Equity			2.5%	2.3%	7.5%	6.8%	15.0%	12.0%	20.0%	14.0%
	SDA International Equity		0.2%		0.3%		0.5%		0.9%		1.4%
	GC EM Equity					2.5%	2.3%	5.0%	4.0%	5.0%	3.5%
	SDA EM Equity										



## BALANCED GROWTH

	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22
Capital Preservation	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	2.1%
Income	45.2%	45.2%	45.2%	45.2%	45.2%	45.2%	45.2%	52.5%	50.4%	53.2%	53.2%	51.1%
US Large Cap	27.0%	27.0%	27.0%	32.3%	32.3%	32.3%	32.3%	25.0%	24.6%	24.3%	24.3%	22.2%
US Small Cap	6.8%	6.5%	6.5%	4.0%	4.0%	4.0%	4.0%	4.0%	6.5%	4.0%	4.0%	6.1%
International Equity	14.5%	14.5%	14.5%	14.5%	14.5%	14.5%	14.5%	14.5%	14.5%	14.5%	14.5%	14.5%
EM Equity	6.5%	6.8%	6.8%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

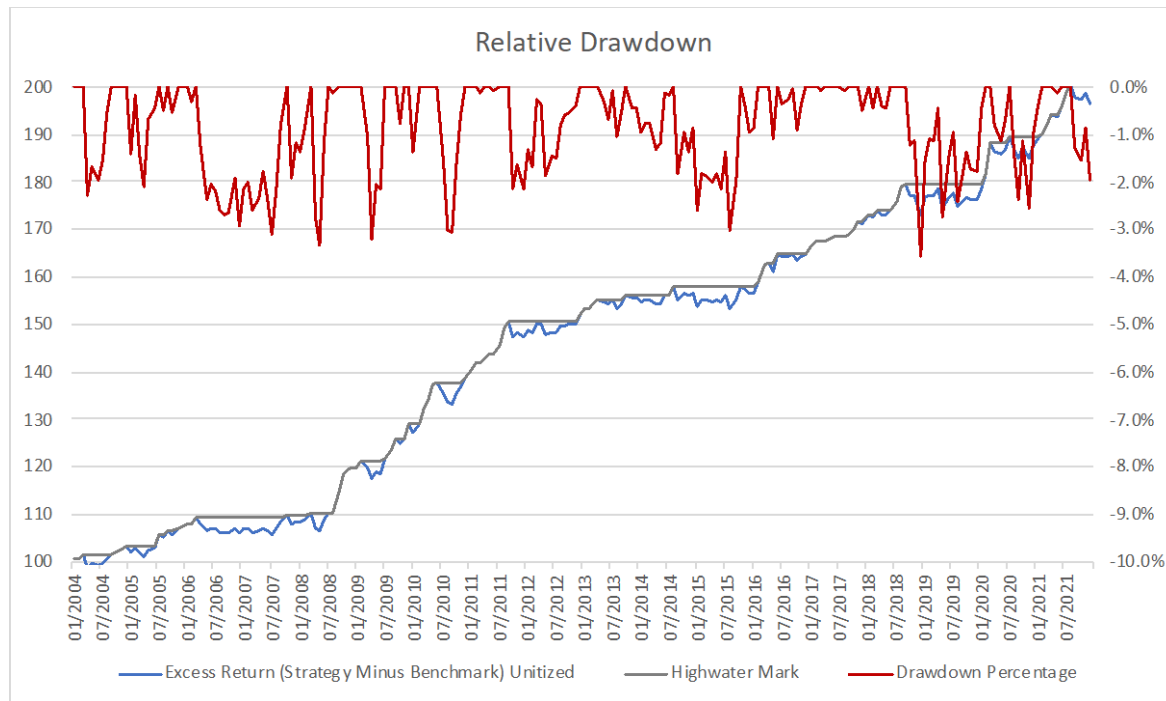
23

The above table shows the positioning of the Balanced Growth model portfolio with the impact of the GC Tactical Fund on the overall asset allocation. Currently the portfolio is turning more defensive with 2% allocation to cash/cash equivalents and lower allocation to equities.



# GC Tactical Fund

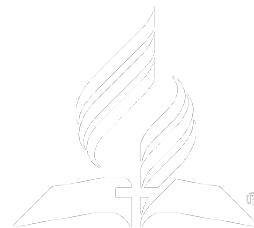
## *Excess Returns and Relative Drawdown*



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# GC Investment Model Portfolios

*With GC Tactical Fund*





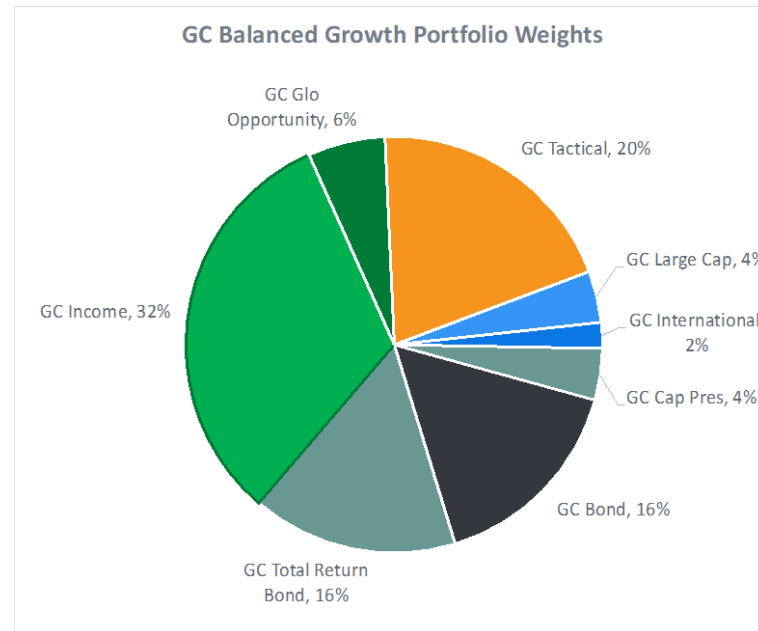
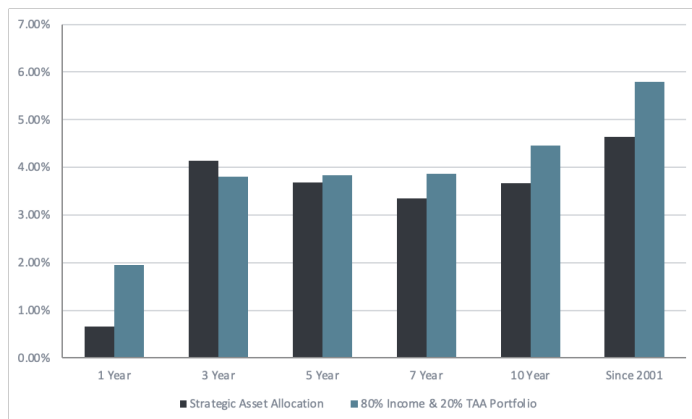
# GC Income Model Portfolio with 20% GC Tactical

The GC Income Model Portfolio with a 20% allocation to the GC Tactical Fund holds 25% equities\*, 75% fixed income. Equities are diversified based on global market sizes:

US Equities 66%  
 International Equities 34%  
 Emerging Mkt Equities 0%

*\*Equity components in the GC Income Fund and GC Global Opportunities Fund add to the equity funds to add up to 25%. In a neutral position, the GC Tactical Fund holds 10% equities.*

Annualized performance is shown on the graph below.

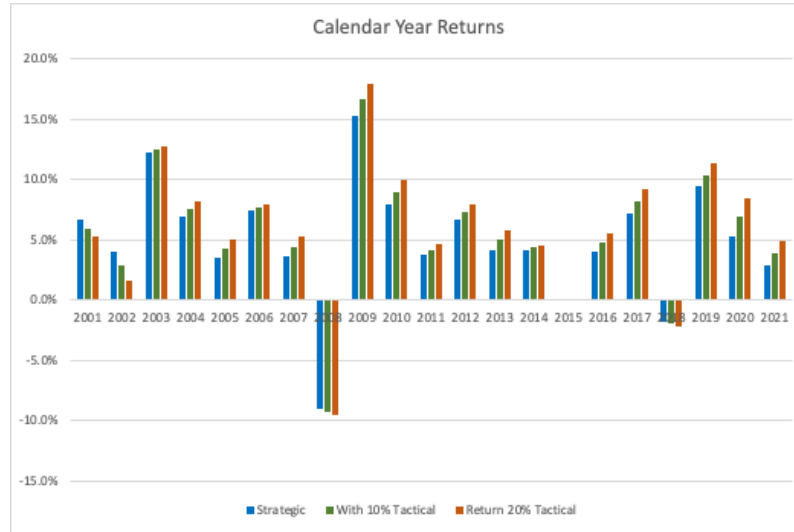
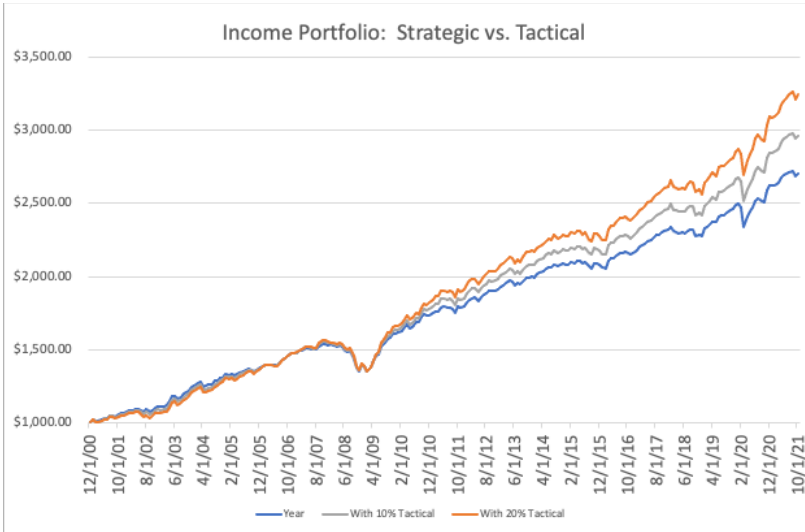


Fund	Total Weight	Equity Weight	Bonds Weight	Standard Deviation
GC Cap Pres	4%	0%	4%	1.9%
GC Bond	16%	0%	16%	2.2%
GC Total Return Bond	16%	0.0%	16%	1.8%
GC Income	32%	8.0%	24%	3.6%
GC Glo Opportunity	6%	1.5%	4.5%	9.1%
GC Tactical	20%	10%	10%	11.0%
GC Large Cap	4%	4%	0%	14.3%
GC Small Cap	0%	0%	0%	18.6%
GC International	2%	2%	0%	14.2%
<b>Total</b>	<b>100%</b>	<b>25.5%</b>	<b>74.5%</b>	<b>5.5%</b>



# Model Performance Comparison

(Standard vs. with 10% and 20% Tactical Fund)



	1 Year	3 Year	5 Year	10 Year	15 Year
<b>Annualized Return</b>					
Strategic	7.6%	5.9%	4.5%	4.2%	4.2%
Tactical 10%	9.2%	7.0%	5.4%	4.8%	4.8%
Tactical 20%	10.8%	8.0%	6.3%	5.4%	5.5%
<b>Standard Deviation</b>					
Strategic	3.5%	4.7%	4.0%	3.4%	4.0%
Tactical 10%	3.8%	5.0%	4.3%	3.7%	4.3%
Tactical 20%	4.2%	5.4%	4.6%	4.1%	4.7%

The Income Portfolio performance is shown in its strategic vs. with an allocation to the GC Tactical fund of 10% and 20%. Over the holding period, all three portfolios provide steady performance. The portfolio with allocations to the GC Tactical Fund shows better compound performance over the holding period. The drawdown in 2008 did not differ significantly between the three portfolios.



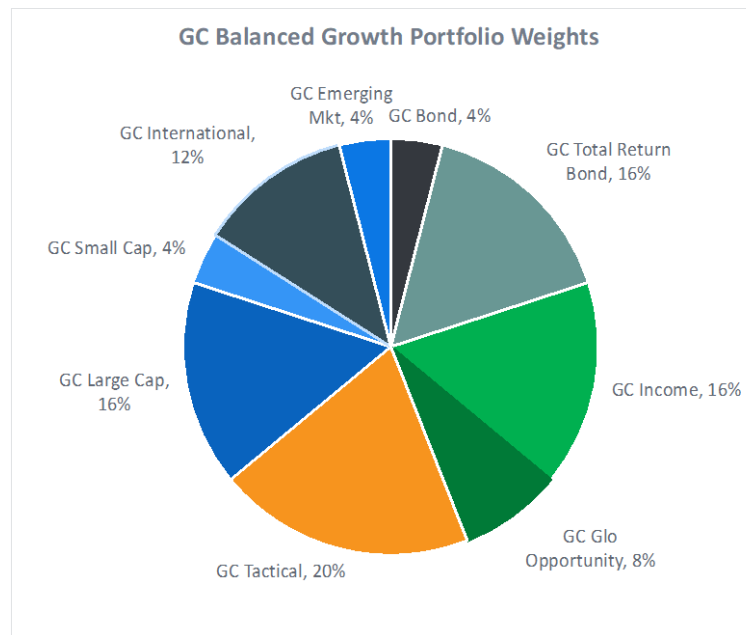
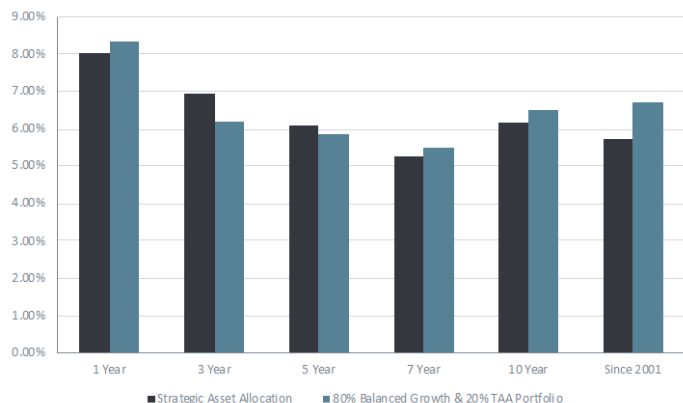
# GC Low Volatility Growth Model Portfolio with 20% GC Tactical Fund

The Low Volatility Growth Model Portfolio with a 20% allocation to the GC Tactical Fund holds 38% equities\*, 48% fixed income. Equities are diversified based on global market sizes:

US Equities 63%  
 International Equities 32%  
 Emerging Mkt Equities 5%

\*Equity components in the GC Income Fund and GC Global Opportunities Fund add to the equity funds to add up to 42%. In a neutral position, the GC Tactical Fund holds 10% equities.

Annualized performance is shown on the graph below.



Fund	Total Weight	Equity Weight	Bonds Weight	Standard Deviation
GC Bond	8%	0%	8%	2.2%
GC Total Return Bond	20%	0%	20%	1.8%
GC Income	24%	6.0%	18%	3.6%
GC Glo Opportunity	8%	2.0%	6%	9.1%
GC Tactical	20%	10%	10%	11.0%
GC Large Cap	8%	8%	0%	14.3%
GC Small Cap	4%	4%	0%	18.6%
GC International	6%	6%	0%	14.2%
GC Emerging Mkt	2%	2%	0%	16.4%
<b>Total</b>	<b>100%</b>	<b>38%</b>	<b>62%</b>	<b>7.4%</b>



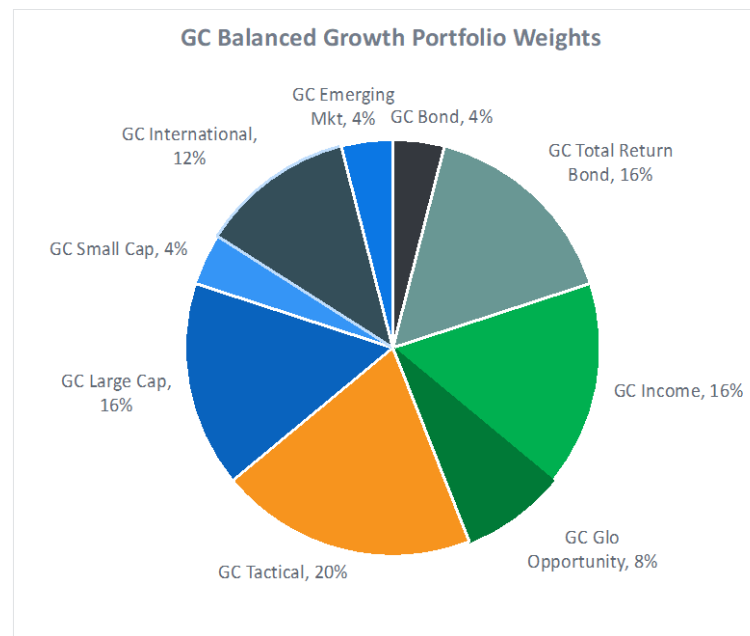
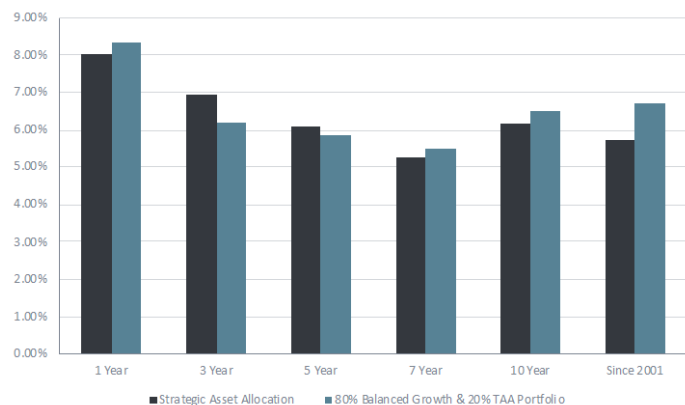
# GC Balance Growth Model Portfolio with 20% GC Tactical Fund

The Balanced Growth Model Portfolio with a 20% allocation to the GC Tactical Fund holds 52% equities\*, 48% fixed income. Equities are diversified based on global market sizes:

US Equities 60%  
 International Equities 30%  
 Emerging Mkt Equities 10%

\*Equity components in the GC Income Fund and GC Global Opportunities Fund add to the equity funds to add up to 42%. In a neutral position, the GC Tactical Fund holds 10% equities.

Annualized performance is shown on the graph below.



Fund	Total Weight	Equity Weight	Bonds Weight	Standard Deviation
GC Bond	4%	0%	4%	2.2%
GC Total Return Bond	16%	0%	16%	1.8%
GC Income	16%	4%	12%	3.6%
GC Glo Opportunity	8%	2%	6%	9.1%
GC Tactical	20%	10%	10%	11.0%
GC Large Cap	16%	16%	0%	14.3%
GC Small Cap	4%	4%	0%	18.6%
GC International	12%	12%	0%	14.2%
GC Emerging Mkt	4%	4%	0%	16.4%
<b>Total</b>	<b>100%</b>	<b>52%</b>	<b>48%</b>	<b>9.3%</b>



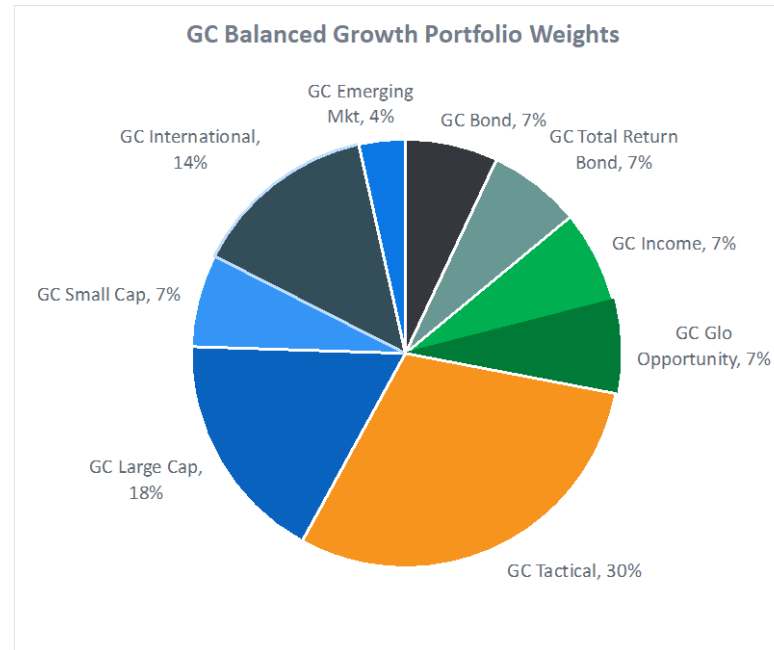
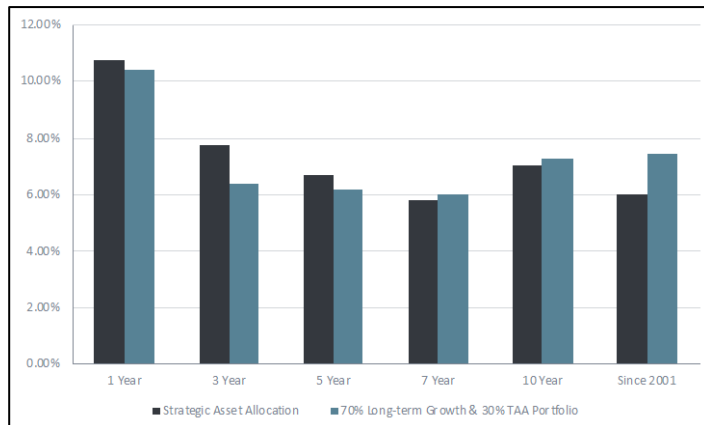
# GC Long Term Growth Model Portfolio with 30% Tactical Fund

The Long-Term Growth Model Portfolio with a 30% allocation to the GCTactical Fund holds 61% equities\*, 39% fixed income. Equities are diversified based on global market sizes:

US Equities 58%  
 International Equities 30%  
 Emerging Mkt Equities 12%

*\*Equity components in the GC Income Fund and GC Global Opportunities Fund add to the equity funds to add up to 61%. In a neutral position, the GC Tactical Fund holds 10% equities.*

Annualized performance is shown on the graph below.



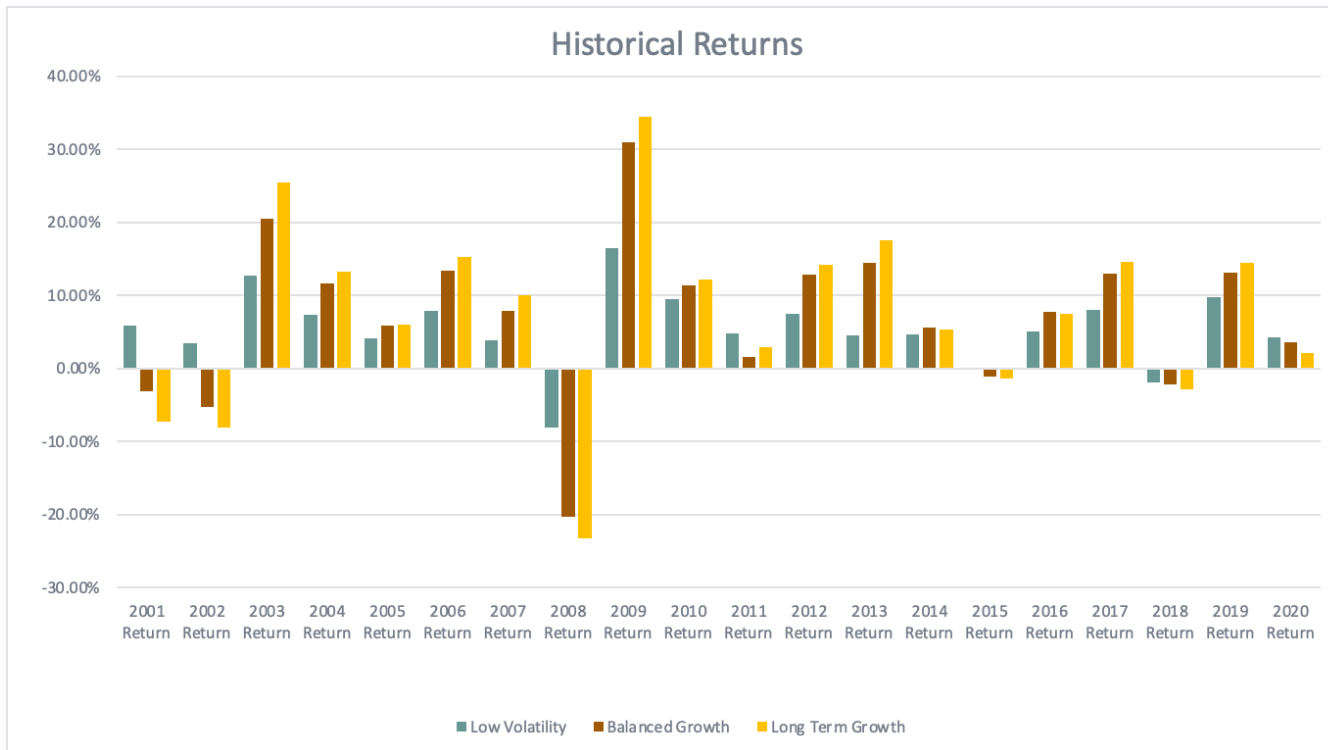
Fund	Total Weight	Equity Weight	Bonds Weight	Standard Deviation
GC Bond	7%	0%	7%	2.2%
GC Total Return Bond	7%	0%	7%	1.8%
GC Income	7%	1.5%	5%	3.6%
GC Glo Opportunity	7%	1.5%	5%	9.1%
GC Tactical	30%	15%	15%	11.0%
GC Large Cap	18%	18%	0%	14.3%
GC Small Cap	7%	7%	0%	18.6%
GC International	14%	14%	0%	14.2%
GC Emerging Mkt	4%	4%	0%	16.4%
<b>Total</b>	<b>100%</b>	<b>61%</b>	<b>39%</b>	<b>10.8%</b>





# Historical Returns: Growth Model Comparison

*With GC Tactical Fund*

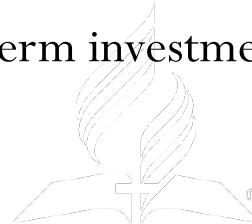


	1 Year	3 Year	5 Year	7 Year	10 Year	Since 2001
<b>Low Volatility Growth</b>						
Returns	5.3%	5.7%	5.2%	4.7%	5.3%	5.8%
Standard Deviation		8.0%	6.8%	6.4%	5.8%	6.3%
<b>Balanced Growth</b>						
Returns	9.6%	7.9%	7.0%	6.3%	7.1%	6.7%
Standard Deviation		11.3%	9.3%	8.5%	8.0%	8.7%
<b>Long Term Growth</b>						
Returns	12.9%	8.6%	7.7%	6.7%	7.8%	7.1%
Standard Deviation		13.1%	10.9%	10.1%	9.5%	10.5%



# 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.
- All in fund costs ~0.25% - 0.45%. Fund costs include:
  - Operating fees – 5.5bp (0.055% of Assets)
  - 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, Parala, Comerica.
- GC Unitized Funds provide access to excellent active investment managers at a low cost.
- GC Index Funds provide access to a passive index strategy that are fully screened for Adventist values.
- Model Portfolio provide reliable long term investment strategies.





## **SDA Index Funds**

# **The Adventist Retirement Board Meeting**

May 18, 2021

# SDA Fund Descriptions

## 5 SDA Equity Funds:

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➤ **SDA Large Cap Equity Index Fund**

The investment objective of the SDA Large Cap Equity Index Fund is to provide capital appreciation. The Fund's objective is to provide a similar price and yield performance, before expenses, of large cap equities. The Fund refrains from owning the securities of firms whose products or services are inconsistent with the philosophy of the Seventh-day Adventist Church. The Fund will not invest in companies whose primary business is the manufacturing, operation or distribution of alcohol, caffeine beverages or tobacco products, meat packaging, pornography or casinos and other gambling concerns.

➤ **SDA Mid/Small Cap Equity Index Fund**

The investment objective of the SDA Mid and Small Cap Equity Index Fund is to provide capital appreciation. The Fund's objective is to provide a similar price and yield performance, before expenses, of a broad index of mid and small cap equities. The SDA Mid and Small Cap Equity Index Fund is a diversified fund of mid and small capitalization stocks. The Fund refrains from owning the securities of firms whose products or services are inconsistent with the philosophy of the Seventh-day Adventist Church. The Fund will not invest in companies whose primary business is the manufacturing, operation or distribution of alcohol, caffeine beverages or tobacco products, meat packaging, pornography or casinos and other gambling concerns.

➤ **SDA U.S. Equity Market Fund**

The investment objective of the SDA U.S. Equity Market Fund is to provide capital appreciation. The Fund's objective is to provide a similar price and yield performance, before expenses, of a broad index of large, mid and small cap equities. The Fund refrains from owning the securities of firms whose products or services are inconsistent with the philosophy of the Seventh-day Adventist Church. The Fund will not invest in companies whose primary business is the manufacturing, operation or distribution of alcohol, caffeine beverages or tobacco products, meat packaging, pornography or casinos and other gambling concerns.

➤ **SDA International Equity Index**

The investment objective of the SDA International Equity Index Fund is to provide capital appreciation. The Fund's objective is to provide a similar price and yield performance, before expenses, of a broad index of international equities. The Fund refrains from owning the securities of firms whose products or services are inconsistent with the philosophy of the Seventh-day Adventist Church while giving the investor exposure to 21 foreign countries' securities. The Fund will not invest in companies whose primary business is the manufacturing, operation or distribution of alcohol, caffeine beverages or tobacco products, meat packaging, pornography or casinos and other gambling concerns.

➤ **SDA Emerging Markets Equity Index Fund**

The investment objective of the SDA Emerging Markets Index Fund is to provide capital appreciation. The Fund's objective is to provide a similar price and yield performance, before expenses, of a broad index of international equities. The Fund refrains from owning the securities of firms whose products or services are inconsistent with the philosophy of the Seventh-day Adventist Church while giving the investor exposure to 26 foreign countries' securities. The Fund will not invest in companies whose primary business is the manufacturing, operation or distribution of alcohol, caffeine beverages or tobacco products, meat packaging, pornography or casinos and other gambling concerns.

# Fund Descriptions

## *5 SDA Fixed Income Funds:*

---

### ➤ **SDA Short Term Bond Index Fund**

The investment objective of the Short Term Bond Index Fund is to provide current income and conservative capital stability. The Fund's objective is to provide a similar price and yield performance, before expenses, of the Bloomberg Barclay's 1-3 Year Government Credit bond index. The Fund refrains from owning the securities of firms whose products or services are inconsistent with the philosophy of the Seventh-day Adventist Church. The Fund will not invest in companies whose primary business is the manufacturing, operation or distribution of alcohol, caffeine beverages or tobacco products, meat packaging, pornography or casinos and other gambling concerns.

### ➤ **SDA Intermediate Term Bond Index Fund**

The investment objective of the Intermediate Term Bond Index Fund is to provide current income and capital appreciation. The Fund's objective is to provide a similar price and yield performance, before expenses, of the Bloomberg Barclay's Intermediate Government/Credit Bond ("LB Interm G/C") Index. The Fund will pursue this objective by investing primarily in obligations of the U.S. Government, its agencies and instrumentalities, and investment grade corporate obligations having a 1 to 10 year range of maturities. The Fund refrains from owning the securities of firms whose products or services are inconsistent with the philosophy of the Seventh-day Adventist Church. The Fund will not invest in companies whose primary business is the manufacturing, operation or distribution of alcohol, caffeine beverages or tobacco products, meat packaging, pornography or casinos and other gambling concerns.

### ➤ **SDA Total Market Bond Index Fund**

The investment objective of the SDA Total Market Bond Index Fund is to provide current income and capital appreciation. The Fund's objective is to provide a similar price and yield performance, before expenses, of the Bloomberg Barclay's Aggregate Bond ("LB Aggregate") Index. The Fund will pursue this objective by investing primarily in obligations of the U.S. Government, its agencies and instrumentalities, mortgage-backed pass thru securities and investment grade corporate obligations having a broad range of maturities. The Fund refrains from owning the securities of firms whose products or services are inconsistent with the philosophy of the Seventh-day Adventist Church. The Fund will not invest in companies whose primary business is the manufacturing, operation or distribution of alcohol, caffeine beverages or tobacco products, meat packaging, pornography or casinos and other gambling concerns.

### ➤ **Comerica U.S. Government Long Bond Fund**

The investment objective of the Comerica U.S. Government Long Bond Fund is to provide current income and capital appreciation. The Fund's objective is to provide a similar price, yield, and performance, before expenses, of the Bloomberg Barclays Long Government Bond Index. The Fund will pursue this objective by investing primarily in obligations of the U.S. Government and its agencies which have stated maturities of greater than ten years.

### ➤ **Comerica U.S. TIPS Notes Intermediate Index Fund**

The investment objective of the Comerica U.S. TIPS Notes Intermediate Index Fund is to provide current income and capital appreciation as well as protection against inflation. The Fund's objective is to provide a similar price, yield, and performance, before expenses, of the Bloomberg Barclays Intermediate U.S. Treasury Inflation Protection Index. The Fund will pursue this objective by investing primarily in obligations of the U.S. Treasury inflation securities which have stated maturities from one to ten years.



## **SDA Index Fund – Security Screening**

*Eliminating securities not in harmony with the religious and health principles of the Seventh-day Adventist Church*

- Alcohol
- Caffeine
- Tobacco
- Meat Packaging
- Pornography
- Gambling

Additional Screen:

- Weapons

# COMERICA FUND EXPENSES & FEES

## Third Amendment Attachment C

### FEE SCHEDULE

#### SDA Index Funds – Class B, D & E Shares (Defined Contribution & Existing NAD Assets)

#### Investment Management and Fund Administrative Fee

##### Market Value Fee (Aggregate market value of Class B, Class D & Class E Shares)

###### Domestic\*

Market Value of all assets .075% (7.5 bps per annum)\*\*\*

###### Global\*

Market Value of all assets .125% (12.5 bps per annum)\*\*\*

#### Shareholder Recordkeeping Fee (Class B Shares)

**Market Value Fee** .20% (20 bps per annum)\*\*

#### Additional Funds

##### Emerging Markets

Market Value of all assets .21% (21 bps per annum)\*\*\*

##### REITS

Market Value of all assets .12% (12 bps per annum)\*\*\*

\* Assumes both the NAD and Hospital defined contribution plans remain in the funds.

\*\* Fee paid to third party for participant recordkeeping.

\*\*\* The fee assumes investment management within the Seventh-day Adventist Church social responsible investment guidelines.

#### Other Services

- Securities Lending is available with the funds receiving 70% of the lending income.
- Online services are available at no additional charge.

## Third Amendment Attachment C

### FEE SCHEDULE

#### SDA Index Funds – Class A Shares

#### Investment Management and Fund Administrative Fee:

##### Market Value Fee

###### Domestic

Market Value of all assets .185% (18.5 bps per annum)\*

###### Global

Market Value of all assets .23% (23 bps per annum)\*

##### Additional Funds

###### Emerging Markets

Market Value of all assets .21% (21 bps per annum)\*

###### REITS

Market Value of all assets .12% (12 bps per annum)\*

\* The fee assumes investment management within the Seventh-day Adventist Church social responsible investment guidelines.

#### Other Services

- Securities Lending is available with the funds receiving 70% of the lending income.
- Online services are available at no additional charge.

The undersigned, intending to be legally bound, hereby execute this Third Amendment to Attachment C of the Trust Agreement dated October 9, 2002, and executed between Comerica Bank and General Conference Corporation of Seventh-day Adventists, to be effective as of October 1, 2018.



# Manager Selection & Due Diligence

# DOES SKILL EXIST?

**If asset allocation is the key, why try active management?**

**Is there performance persistence? Are historical return indicative of skill?**

## Beliefs to Use Active Management

- Manager Can Add Value, AFTER FEES
- Managers Who Are Capable of Adding Value in the Future, Can Be Identified

# DEFINING SUCCESS

## Hiring Firms That Will:

- Effectively Implement Policy & Asset Allocation Strategy Of The Client
- Effectively Implement Day To Day Investment Process
- Consistently Achieve Client Objectives On An After Fee Basis While Minimizing Risk

## **Consultant's Job:**

- **Proper structuring\Risk Profile**
- **Differentiate Skill From Luck**



# THE MYTH OF THE BEST MANAGER

- Skilled or Lucky? You'll Know In 28 years!
- Performance Tricks
  - Selected Time Periods
  - Selected Accounts
  - Weightings
  - Paper Portfolios
  - Portable Records

# THE EIGHT P'S OF MANAGER SELECTION

1. **Philosophy**
2. **People**
3. **Plans**
4. **Product**
5. **Process**
6. **Progress**
7. **Price**
8. **Performance**

**Scams Substance Skill Stimulation**

# 8 P's

## **Philosophy**

- Does it make sense?
- Has it been tested?
- Has it changed?
- Who implements it?
- What makes it unique?
- Where is the value added?

## **People**

- Firm = People
- Organization/Ownership/Structure
- Qualifications
- Registration And Legal Issues
- Allocation Of Resources
- Financial Statements
- Turnover
- ADV Part I

# 8 P's

## Plans

- Strategic Business Plans
- Growth or Static Objective
- How will Growth be Handled?
- Business Composition - Institutional vs Individual

## Product

- Is the product well-designed?
- Is it the best possible way to effect the firm's philosophy?
- Is the product flexible enough?
- Can manager manage expectations during dry periods?
- ADV Part II

# 8 P's

## Process

- Trading Systems
- Portfolio Accounting/Administration
- Backup Procedures
- Fee Structure
- Conflicts Of Interest
- Does the Process Support the Philosophy?
- Decision Making Process
- Research Capabilities
- Buy/Sell Disciplines
- Does Marketing = Reality?

# 8 P's

## Progress

- Should the philosophy evolve?
- Judge new ideas on quality not quantitatively
- What is the penalty for failure to change? Extinction?

## Price

- What price?
- How priced?
- The double rule: Expected Excess Return  $> 2x$  Total Fee



Quantitative  
+ Qualitative  
Evaluation

# IMPORTANT INFORMATION

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**A copy of MPC Capital Advisors, LLC.'s Form ADV, Part II is available without charge upon request. The form ADV Part II is one of the SEC disclosure documents MPC Capital Advisors, LLC required to register as investment advisor. MPC is required to offer this document to all clients on at least an annual basis.**