

INVESTMENT COMMITTEE 2018 ANNUAL REPORT

Overview

The ABCORI Investment Committee is a sub-committee of the Operations Team and is tasked with the management and administration of ABCORI's Pooled Fund and investments. The Pooled Fund is comprised of over eighty individual funds represented by ABCORI affiliates and some 25-member Church's.

Activities

In compliance with ABCORI's By-Laws regarding consulting services, the committee issued an RFP, (request for proposal), to solicit the services for a Fund Manager to provide guidance and placement of the monies which comprise the Pooled Fund. This process resulted in receiving responses from six exceptional firms specializing in Wealth Management. Five of these firms participated in making presentations to the committee in September of 2018. Upon listening to each firm's proposals, the Committee very thoughtfully has re-engaged the services of Alliance Bernstein to serve as ABCORI's Financial Advisor for the Pooled Fund. This decision was approved by the committee and was announced to the Pooled Fund members at the Annual Investment Dinner in November.

Performance

After record setting growth in 2017, the financial markets settled back to more sustainable levels during the first half of 2018. However, due to structural changes brought on by the uncertainty of international trade negotiations with China, anxiety over Brexit, political turmoil in South America and fears regarding inflation; the financial markets saw a return to extreme levels of volatility in the second half of 2018, especially in the fourth quarter. The impact of this level of volatility resulted in the major financial markets falling by over 9% compared to the highs experienced in the prior year. During the same period, the market value of the Pooled Fund lost market value by only 6.7%, in comparison, which is attributable to Bernstein's proprietary DAA model, (Dynamic Asset Allocation).

Outlook

In spite of the economic concerns sited the above and their influence on volatility, the US economy remains strong as it is anticipated that the GDP will continue in the range of 2.5% for 2019. Most investment advisors believe that stocks have already priced in the anticipated slow-down in 2019, as the fundamentals of low unemployment and moderated inflation will preserve the economic growth and avoid any recessionary activity.

I would like to express my gratitude and thank everyone on our committee for their continuing support and especially the staff at ABCORI – our Business manager – *Rev. Nikita McCallister* for her coordination of our Financial Advisors and the assistance we receive from the Pooled Fund Custodial Manager – Fradin & Company, CPA's, as well as, her continued communications with our Pooled Fund members.

Respectfully,

Tom Archer.
Investment Committee Chair