YMCA RETIREMENT FUND
SAVINGS FOR LIFE

2020 **ANNUAL REPORT**

STANDING IN SUPPORT OF THE YMCA MOVEMENT

Annual Highlights

JUNE 30 SUMMARY FINANCIAL DATA

(dollar amounts in thousands)

	2020	2019	2018	2017
Total Fund return	(0.03%)	5.31%	9.26%	13.28%
Composite benchmark	0.78%	5.73%	8.45%	11.63%
Assets available for benefits	$ 6,971,399	$ 7,127,684	$ 7,051,928	$ 6,553,309
Required actuarial reserves	8,044,880	7,559,712	7,417,411	6,752,402
Reserve (deficit)	$ (1,073,481)	$ (432,028)	$ (365,483)	$ (199,093)
Assets as a % of required reserves	87%	94%	95%	97%
Contributions from Ys and participants	$ 277,098	$ 295,408	$ 279,076	$ 267,391
Interest and dividends	26,605	32,589	26,462	29,575
Total	$ 303,703	$ 327,997	$ 305,538	$ 296,966
DISBURSEMENTS				
Benefit and lump-sum distributions*	$ 408,915	$ 557,899	$ 358,136	$ 342,985
Investment and administrative expenses	52,712	48,614	47,834	45,481
Total	461,627	606,513	405,970	388,466
NET DISBURSEMENTS	$ (157,924)	$ (278,516)	$ (100,432)	$ (91,500)

JUNE 30 SUMMARY OF PARTICIPANT STATISTICS

	2020	2019	2018	2017
Retirement Plan participants*	91,305	91,127	94,727	91,925
Savings Plan participants	46,392	46,061	43,865	41,119
Retirees and beneficiaries	15,266	14,793	14,341	13,845
Total participants**	118,267	118,624	120,763	116,227
Average annual salary of active participants	$ 32,054	$ 31,926	$ 31,101	$ 30,721
Average annual retirement benefit	$ 19,471	$ 18,924	$ 18,482	$ 18,265
Average age of active participants	44	44	44	43
Participating YMCAs	771	777	791	802

**During fiscal year 2019, the Retirement Plan was amended for a 3-month period to allow participants who terminated YMCA employment prior to April 30, 2019 with account balances of one hundred thousand dollars or less, to withdraw their account balance as a lump-sum. This temporary window resulted in an increase in disbursements and a decrease in the number of participants.*

***Some participants are enrolled in both plans.*

The complete audited financial statements including footnotes and the auditor's opinion, as well as the actuary's valuation, are on the Fund's website at www.yretirement.org. If you would like to receive a hard copy of either report, please email us at info@ymcaret.org.

Message from the Chair

William D. Rueckert
Board Chair

As Board Chair of the YMCA Retirement Fund, it is my privilege to present the Fiscal Year 2020 Annual Report. I come from a family with a multi-generational commitment to both the YMCA Movement and the YMCA Retirement Fund, the Y has been one of the consistent threads throughout my life.

YMCA staff are remarkable people, helping make their communities a better place to live, work and raise a family. The Fund offers a unique pension plan with a sole focus on providing YMCA staff with a benefit characterizd by two essential features: protection from investment volatility and lifetime income in retirement.

The Impact of COVID-19

None of us knew at the beginning of the fiscal year in July 2019 that our world would be turned upside-down by a global pandemic. The devastating impact on YMCAs and their dedicated staff has been heartbreaking. The words "bounce back" do not really apply, however, in ways previously unimaginable, YMCAs and their staff are finding ways to "bounce forward" into a new normal.

The Fund is committed to support Ys during this process, striving to be the reliable partner it has been for nearly 100 years, through wars, economic disruption and now a health crisis. Through it all, our promise has not changed: to ensure that YMCA staff receive protected lifetime income in retirement.

Recognizing Trustees

The trustees of the Fund are volunteers, just like those who serve on local YMCA Boards. In fact, many of the Fund Trustees started on a local YMCA board. This year, we were pleased to welcome a new trustee, Patricia Haverland. She brings both YMCA and pension experience to the Fund.

Pat retired as VP & CIO for Siemens, North America Pensions. Just as importantly, she is currently a member of the Board of Directors at the Madison Area (NJ) YMCA, and previously was a Y member in Greater Morristown (NJ), Towson (MD), Long Island (NY) and Marietta (GA).

At the end of 2020 we will bid farewell to two veteran trustees, Scott Luttrell and Eric Mann.

Scott has been a trustee since 2013, serving as Chair of our Investment Committee. A skilled investment professional, he is a longtime supporter of the YMCA. Before moving to Dallas, he served on the Tampa YMCA Board as treasurer and then Chair of the Governance Board and Investment Committee.

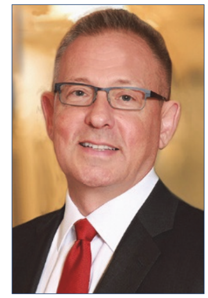
Eric joined the Fund's board in 2007 and is Chair of our Benefits & Operations Committee. Currently CEO of the YMCA of Florida's First Coast in Jacksonville, his YMCA career has been stellar, with leadership roles in Pittsburgh, Charlotte, Cincinnati, Asheville, Central Connecticut and Los Angeles.

The Fund's Future

One year ago the Board directed our new CEO, Scott Dolfi, to lead us in a strategic analysis of the present and future of the Fund. The Board approved the strategic plan in May 2020, and has full confidence in the plan going forward. My fellow trustees and I recognize the awesome responsibility we have to provide oversight to the experts on the Fund's leadership team as they work to protect and grow the retirement savings for YMCA staff nationwide. As we approach our centennial, the Board's focus is to assure uninterrupted service to future generations, and for that you have our promise.

William D. Rueckert
Board Chair

Message from the CEO



Scott Dolfi
President and CEO

June 30, 2020 marked the end of my first year as CEO of the Fund. Soon after I started, I dove in the deep end at the YMCA General Assembly in Anaheim, learning all that I could about the people and the rich history of the YMCA in America and worldwide. It is humbling to know that thousands of current and former YMCA staff depend on the Fund for their financial future in retirement.

For me it comes down to this: The Fund's role is to provide financial security in retirement to YMCA people who help make their communities stronger. That's exactly what I expected when I joined the Fund.

COVID-19 and the Fund

What I did not expect after six months on the job was the COVID-19 global pandemic. Almost without warning, the world changed. We are now living in unprecedented times while facing economic uncertainty. This is the most devastating public health emergency in my lifetime, and we are all affected. Relatives and neighbors have gotten the virus, and we've lost some of the best people we knew.

Most YMCAs had to close their facilities in the interest of social distancing. In the process, since revenues virtually disappeared, YMCAs had to scramble to reduce costs. Even though the Fund's staff is working remotely and not in our New York City office, we continue to do all that we can to support YMCAs and their staff.

Help for YMCAs

One way the Fund helped YMCAs was by offering a temporarily reduced contribution rate to their employees' accounts at the Fund. Early on, the Fund's YMCA Relations team provided 1:1 consultations with YMCA executives to understand the best way the Fund could offer help. One of the outcomes of those conversations was offering the ability for YMCAs to make a temporary move to a 1% contribution rate.

The Customer Service team has fielded calls from Participants who were either concerned about the safety of their accounts or making inquiries about the availability of their retirement savings to meet immediate cash needs. And some Retirees called, looking for reassurance that their monthly annuity payment would be deposited in their bank account on the first of the month, as usual. Those annuity payments were ready on time, every month, as they always have been.

The Health of the Fund

The *Annual Highlights* page presents key measures of the Fund's work, in both investment management and benefits administration. We served over 770 YMCAs and more than 100,000 individuals, including nearly 15,000 retirees and beneficiaries who are receiving lifetime income. This is the essence of our work, and the retirement benefit is especially important after a career of service.

Overall, our investment performance (net of fees) reflected no growth for the twelve months July 2019 – June 2020. As a pension fund, we focus on long-term returns, and that is achieved through the combined performance over several individual years. The Fund's Investment team has been monitoring, analyzing and reacting to the market turmoil. Please read Hunter Reisner's *Report from the CIO* for his expert commentary about both the short-term and the very strong long-term investment performance of the Fund.

At the end of every fiscal year, our actuaries prepare a valuation of our liabilities. This year, the combination of increased liabilities and no growth in assets led to a drop in our funding level (assets as a percentage of liabilities), which is just one short-term measure of the health of a pension fund. More important is our long-term outlook and overall risk management, as we are committed to protecting our participants from investment risk while providing lifetime income in retirement.

As we manage through the long-term sustainability and benefits of the Fund, we take into account a number of long-term macro factors:

- Historically low interest rates, which reduces the interest income we earn on our bond investments and increases the value of the income received in retirement
- Equity market volatility, which increases the cost of protecting account balances from downside investment risk
- People are living longer, which creates even more value in the lifetime income that we offer

On a shorter-term basis, we consider:

- The reductions in contributions to the Fund by the YMCAs and individual staff
- Increased withdrawals as a result of the difficult economic conditions causing a strain on YMCA staff

Looking Forward

As the new CEO of the Fund, I was excited to take on the Board's direction to engage in a year-long strategic review. This resulted in a new strategic plan, approved by the board in May 2020, designed to make the Fund and its offerings sustainable and relevant for decades to come.

As a pension fund our goal is to provide a safe and secure way for YMCA staff to save now, so they may look forward to lifetime income in the future when they retire. When I started at the Fund I made a pledge: We will:

- Always offer the best benefit possible
- Never jeopardize the sustainability of the Fund for future generations
- Make it as easy as possible to do business with the Fund

Despite an unprecedented 12 month period, we continue to deliver on this pledge.

My wish to all of my YMCA colleagues is continued good health.

Stay safe.

Scott Dolfi
President and CEO

About Scott

Scott Dolfi became the Fund's sixth president and CEO in June 2019. Prior to joining the Fund, he worked for Guardian Life Insurance Company of America as chief operating officer. Before that, he worked for General Electric for 18 years. During this time, he spent eight years in London as the CEO of GE Life, a pension and annuity company.

Scott holds an MS in industrial and management engineering from Rensselaer Polytechnic Institute and a BS in engineering and management from Clarkson University.

Standing in Support of the YMCA Movement

Today we find ourselves living in a society that is far more complex with long-standing systemic challenges around social and economic inequities. It's eye-opening and often uncomfortable, but it is also a moment that sets the stage for positive change in the future.

As dividing lines are drawn and people struggle to process a world that is dramatically changing, the Y's mission of strengthening our communities stands at even greater significance. The YMCA has always been, and will continue to be, a stabilizing and unifying presence in our communities.

As the Y exercises its most critical role, we at the YMCA Retirement Fund stand in support of the YMCA Movement, and the YMCA employees who breathe life into it day in and day out, promoting equity and striving to end racism in our communities, in our country and around the globe.

The YMCA Retirement Fund Board of Trustees
and the YMCA Retirement Fund Staff

YRF YMCA RETIREMENT FUND
SAVINGS FOR LIFE

the Y YMCA

Report from the CIO

Hunter S. Reisner
Chief Investment Officer

CIO Letter – June 30, 2020

On behalf of your investment team at the YMCA Retirement Fund, let me convey good wishes to all of our participants and families. Despite some parts of our country attempting to return to something close to normal, many of our lives are still far from what they were just six months ago. And, even under the most optimistic assumptions of beating the coronavirus, we have a long challenging road ahead of us, including for our YMCAs across the country.

As many of you are faced with difficult decisions regarding your family's health, education, and employment, we hope that all of you can rest just a little easier knowing your lifetime income in retirement is secure and kept under close watch. We at the YMCA Retirement Fund continue to work from home as we strive to ensure the stability of your *savings for life*.

A Historic, Challenging Year … and the Benefits of a Long Time Horizon

This is an investment report on the Fund's fiscal year of July 1, 2019 – June 30, 2020. Despite most equity markets and most individual stocks producing negative returns over those 12 months, the Fund held its own with approximately zero growth (after all fees and investment costs). Since the Fund's audit was completed, we've received additional updates on the performance of our investments that added nearly 2% to our results.

Given the challenging environment for most equities during the period July 1, 2019 – June 30, 2020, it is not surprising that the Fund's best performing asset class was our Treasury portfolio (+7.0%). Our next highest performing sub-portfolios were all alternative assets, including Private Equity (+5.6%), Directional Hedge Funds (+5.3%), and Real Estate (+4.5%).

Emerging Market (-5.5%) and International Developed Market (-5.1%) stocks were the laggards in Public Equities. Our biotech and software specialists in the Public Equity portfolio produced exceptionally strong returns, continuing their multi-year strong performance. Unsurprisingly, our investments in Natural Resources registered the weakest performance (-34%), resulting from the collapse in commodity prices over the period.

If one had closed one's eyes on July 1, 2019 and then checked the S&P 500 or Nasdaq one year later, it would be reasonable to assume it had been a great year, with those indexes up 7% and 27%, respectively. But the strength of large-capitalization U.S. growth stocks (propelled by highly stimulative monetary and fiscal policy) overshadows a historic equity bear market in the first quarter of calendar year 2020, due to the ongoing global pandemic and the resulting poor performance of most risky assets – including most U.S. stocks that are not large cap technology. And as a pension fund it would be unwise, if not irresponsible, for the Fund to invest solely in the risky stock market.

Benefits of Long-Term Diversification

In periods like this, diversification does not appear to have aided returns (as compared to a portfolio – unlike the Fund's – more heavily tilted towards what turned out to be the best performing assets). We are aware however that this has been an exceptional period in history for this select grouping of large cap companies, and it is our belief that with concentrated returns comes concentrated risk, which is unsuited to managing your pension.

We remain confident that diversification will continue to be a benefit over long periods. Time will tell, but we continue to believe thoughtful diversification to be a critical building block of a portfolio meant to provide income to our participants in perpetuity while never having their account balances decline.

Long Time Horizon and Compellingly High Annuity Payout

As the Fund provides lifetime retirement income for our participants, we have an extremely long time horizon over which to earn the returns necessary to do so. Therefore, short periods of low returns are not a significant focus. The Fund's 10-year trailing return, for example, is a healthy 7.6% per year. As a reminder, these longer-term returns allow us to provide our participants with lifetime income in retirement that has historically been substantially above market rates and payouts.

Interest credits from the Fund provide just a fraction of one's total retirement benefit from the Fund – and thus are not the most important aspect of the Fund. It is the well-above-market annuitization rate and a promise of lifetime income in retirement that are the key features of the Fund. In addition, even when financial markets and our portfolio have decreased in value, the account balances that are annuitized have never gone down, thereby shielding our participants from investment risk (a feature unique to the Fund in the annuity marketplace).

Market and Macroeconomic Outlook

The Global Pandemic Changed Everything

The markets entered 2020 with some of the highest optimism for the economy in years on the heels of extremely low unemployment, low inflation, and high consumer and business confidence. However, the devastating spread of the coronavirus caught many governments and investors by surprise. Economies around the world went into complete lockdowns, forcing businesses of all sizes to close and their citizens to isolate for weeks and even months.

Fear of a complete stop to the global economy led to panic selling across all asset classes in March, including in some of the lowest risk and most critical ends of the global funding markets. The first quarter of 2020 saw the fastest equity market declines in history, and bond yields fell to their lowest levels on record. The second quarter witnessed the U.S. economy contracting 33% on an annualized basis, representing an abrupt end to the country's longest economic expansion in history. The International Monetary Fund projects that nearly 90% of countries will exhibit negative growth for calendar year 2020.

Concluding Remarks

The current environment is amongst the most daunting investors have faced in decades, not just because of the troublingly real economic and market uncertainties, but because these are occurring in a liquidity-driven market with high asset valuations and therefore low go-forward expected returns. To that challenge, the Fund applies several investment management tools to achieve our long-term goals on your collective behalves.

In particular, the Fund employs careful diversification across asset classes – should certain asset classes, industries, or size of companies fail to earn our expected returns – and the use of alternative assets that seek to generate higher returns than those achieved by individual investors managing their own retirement savings.

We wish all of our participants a healthy year ahead and we extend our deepest gratitude to those now working at YMCAs as you continue to play an essential role in helping your communities recover. Now more than ever, the YMCA is showing the world the importance of youth development, healthy living, and social responsibility, and we at the Fund have never been prouder to stand by our participants who carry out this inspiring and enduring cause.

Board of Trustees

Retiree Liaison

Reid S. Thebault
Retired CEO, YMCA of Metropolitan Detroit, MI

Senior Leadership

Scott Dolfi
President and CEO

Vanessa A. Boulous
Chief Operations Officer-External

Vincent M. De Sio
Chief Financial Officer

James G. Kirschner
Chief Strategy Officer

John Quiñones
General Counsel

Hunter S. Reisner
Chief Investment Officer

Gerard Rescigno
Chief Information Officer

Marcela Deitrich
Senior Vice President – Customer Service & Marketing

Elizabeth Delgado
Vice President – Human Resources

Suleyman Gokcan
Director of Investment Risk

Kerri R. Hayes
Assistant General Counsel

Elizabeth A. Kurilla
Vice President – Internal Audit

Lisa Worthy
Senior Vice President – Finance

Independent Consultants

Actuary: Buck

Attorney: Patterson Belknap Webb & Tyler LLP

Auditor: KPMG LLP

Custodian Bank: JP Morgan Chase

Investment Consultants: Cambridge Associates

Total & Permanent Disability Claims Administrator: Lincoln Life Assurance Company of Boston

YMCA RETIREMENT FUND
SAVINGS FOR LIFE

Annual Report Produced by the YMCA Retirement Fund
800-RET-YMCA (738 - 9622) · info@ymcaret.org · www.yretirement.org
120 Broadway, New York, NY 10271-1999

Photo Credits: Michael Benabib Photography, Bachrach Photography