



THE TRUSTEES OF THE DIOCESE OF MICHIGAN

4800 Woodward Avenue
Detroit, Michigan 48201-1399
(313) 832-4400
Fax (313) 831-0259

July 15, 2016

Dear Growth and Income Fund Investor:

Compared to the wild swings of the First Quarter of 2016, the Second Quarter was rather calm. Even so, the net investment return for Q2 was remarkably close to that of Q1. The net investment return in Q2 was 1.54%, compared to 1.62% in Q1. Unfortunately the portfolio underperformed just a bit in the quarter as the benchmark came in at 2.22%. The primary reason for the shortfall is our small and value tilts on our U.S. stock portfolio as well as the social screen (which screened out some of the higher performing stocks in the quarter). Over the last 12 months, the return was 0.23% vs. a benchmark of 1.87%, with most of that unfavorable variance again due to the small and value tilts in our domestic equity portfolios.

Share value of the Fund as of June 30, 2016 was \$26.6665, up from the March 31 balance of \$26.5470 but down from the June 30, 2015 balance of \$27.7907. On a "per share" basis, net investment performance for the quarter was +\$0.4081 per share, while administrative fees were -\$0.0123 and the quarterly dividend was -\$0.2763.

The next dividend distribution of \$0.2763 per share is scheduled for late September. The total amount of your upcoming dividend is displayed in the lower right hand corner of your Investor Balance and Activity Report.

Be sure to check out our developing webpage for Growth and Income Fund reports, forms, and news at <http://www.edomi.org/finance/growth-and-income-fund/>.

If you have any questions about the Growth and Income Fund or your investment in it, please don't hesitate to contact me at 313-833-4427 or mmiliotto@edomi.org.

Sincerely,

A handwritten signature in blue ink, appearing to read "Mark Miliotto".

Mark Miliotto
Treasurer and Director of Finance

**Trustees of the Diocese of Michigan
Growth and Income Fund Activity
For the Quarter Ending June 30, 2016**

	<u>Net Assets</u>	<u># Shares</u>	<u>Share Value</u>	<u>Return* on Beg Value</u>	<u>Return* on Avg Value</u>
Balance at 3-31-2016	28,868,654	1,087,454.73	26.5470		
New deposits	823,994	31,039.07			
Dividends Reinvested	77,422	2,916.41			
Withdrawals	-242,425	-9,131.91			
Dividend and Interest Income	199,419		0.1793	2.70%	2.70%
Invest Mgmt Fees	-7,473		-0.0067	-0.10%	-0.10%
Audit, Accounting, Other	-13,699		-0.0123	-0.19%	-0.19%
Realized/Unrealized Gains (Losses)	261,947		0.2355	3.55%	3.54%
Balance Before Dividend	<u>29,967,839</u>		<u>26.9428</u>	<u>5.96%</u>	<u>5.95%</u>
Dividend Distribution	<u>-307,322</u>		<u>-0.2763</u>	<u>-4.16%</u>	<u>-4.15%</u>
Balance at 6-30-2016	<u><u>29,660,517</u></u>	<u><u>1,112,278.29</u></u>	<u><u>26.6665</u></u>	<u><u>1.80%</u></u>	<u><u>1.80%</u></u>

* Annualized

**Trustees of the Episcopal Diocese of Michigan
Growth and Income Fund
Portfolio Review
2nd Quarter 2016**

Asset Allocation and Quarter Returns by Class

Asset Allocation by Class	Investment Vehicle	Target Allocation	Actual Allocation	Actual Returns	Benchmark Returns
US Large Cap Stocks	Vanguard FTSE Soc Index Instit (VFTNX)	20%	20.1%	1.56%	2.46%
US All Cap Value Stocks	DFA US Social Core 2 (DFUEX)	22%	22.1%	1.48%	4.57%
Developed Market Int'l Stocks	DFA Int'l Social Core (DSCCLX)	18%	18.0%	-1.01%	-1.19%
Emerging Market Stocks	DFA Emerg Mkts Social Core (DFESX)	4%	4.0%	2.15%	0.80%
Real Estate	Vanguard REIT Index (VGSLX)	4%	4.0%	6.80%	5.42%
Fixed Income	Vanguard Total Bond Index Instit (VBTIX)	31%	30.7%	2.36%	2.21%
Cash	Schwab Money Market	1%	1.1%	0.00%	0.04%
Total Portfolio (net)				1.54%	2.22%

Overall Performance History

	Q2-16	Q1-16	1 Yr	3 Yrs	5 Yrs	7 Yrs	10 Yrs
Portfolio Return (gross)	1.57%	1.65%	0.32%	6.26%	5.60%	8.77%	5.30%
Portfolio Return (net)	1.54%	1.62%	0.22%	5.97%	5.15%	8.23%	4.72%
Policy Index	2.22%	1.49%	1.88%	7.06%	7.37%	12.12%	6.01%
Russell 3000	2.64%	0.97%	2.15%	11.12%	11.60%	14.95%	7.40%
# Share Outstanding	1,112,278	1,087,455	1,084,267	1,010,500	957,583	1,008,842	1,021,949
Net Asset Value	29,660,517	28,868,654	30,132,538	25,707,625	24,637,387	21,061,878	27,411,012
Share Value	26.6665	26.5470	27.7907	25.4405	25.7287	20.8773	26.8223

