



# THE TRUSTEES OF THE DIOCESE OF MICHIGAN

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January 12, 2018

Dear Growth and Income Fund Investor:

For the sixth quarter in a row, we have beaten our investment performance goal in the Growth and Income Fund! The investment return for Q4, net of investment fees, was 4.19% against a benchmark of 3.72%. All asset classes were in positive territory for the quarter with our DFA US Social Core holdings (a small and value leaning domestic equity fund) leading the way by exceeding its benchmark by almost 200 basis points (2.00%). The news is quite positive for full year 2017 too with a net investment return of 16.34% vs. 14.34% on the benchmark.

The share value of the Fund as of the end of the 4<sup>th</sup> Quarter was \$30.8297 up 3.2% from the Q3 value of \$29.8629, and up 11.9% over the 2016 year-end value of \$27.5429. For full year 2017, gross investment performance was about 15.6%, investment management fees were 0.10%, accounting/audit/legal fees were 0.09%, and dividends were 3.9%, resulting in a net gain of 11.5%.

In September the Trustees approved the dividend rate for 2018, which will be \$0.2803 per share per quarter. The first distribution will go out in late March. The amount of your next dividend distribution can be found in the lower right corner of your Q4 Investor Balance and Activity Report.

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](mailto:mmiliotto@edomi.org).

Sincerely,

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

Mark Miliotto  
Treasurer and Director of Finance

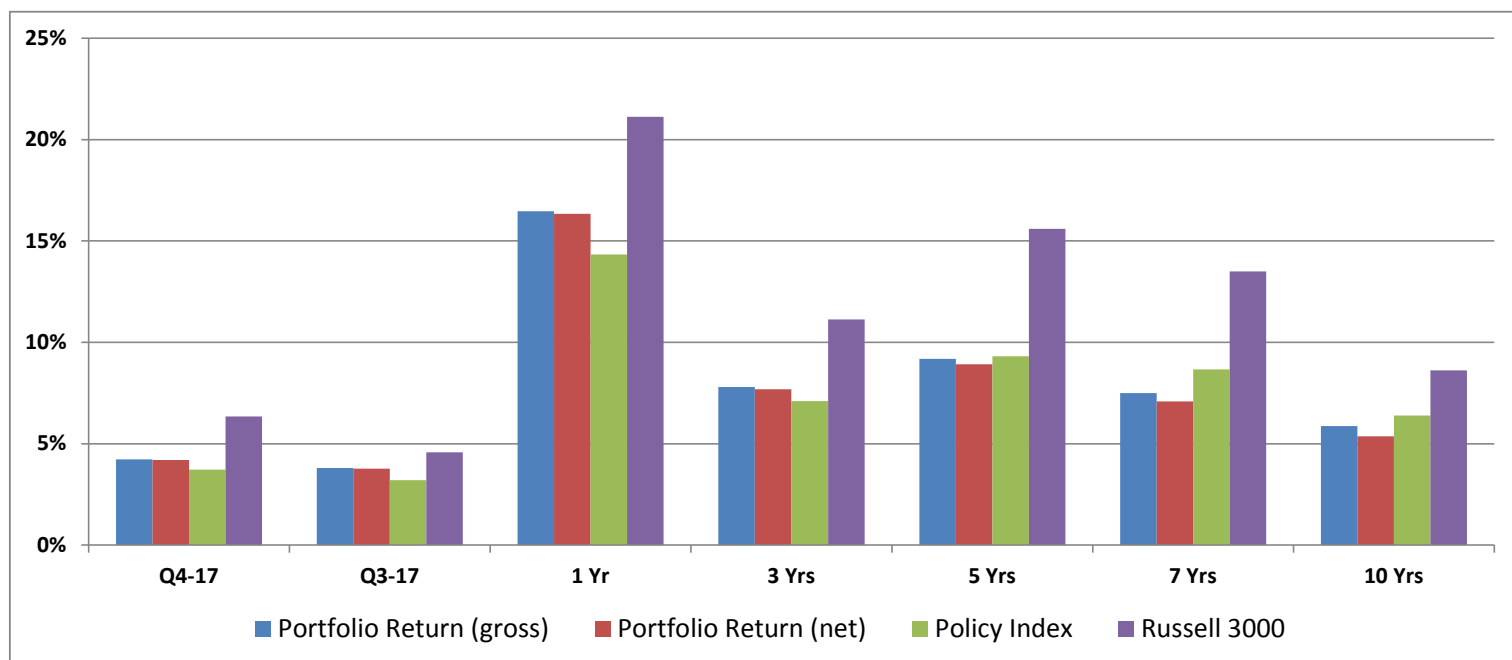
**Trustees of the Episcopal Diocese of Michigan  
Growth and Income Fund  
Portfolio Review  
4th Quarter 2017**

**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%	19.8%	6.84%	6.64%
US All Cap Value Stocks	DFA US Social Core 2 (DFUEX)	22%	21.8%	7.03%	5.08%
Developed Market Int'l Stocks	DFA Int'l Social Core (DSCSX)	18%	18.1%	4.48%	4.27%
Emerging Market Stocks	DFA Emerg Mkts Social Core (DFESX)	4%	4.0%	7.33%	7.50%
Real Estate	Vanguard REIT Index (VGSLX)	4%	4.0%	1.39%	1.98%
Fixed Income	Vanguard Total Bond Index Instit (VBTIX)	31%	30.9%	0.41%	0.39%
Cash	Schwab Money Market	1%	1.2%	0.18%	0.26%
Total Portfolio (net)				4.19%	3.72%

**Overall Performance History**

	Q4-17	Q3-17	1 Yr	3 Yrs	5 Yrs	7 Yrs	10 Yrs
Portfolio Return (gross)	4.22%	3.80%	16.46%	7.79%	9.19%	7.49%	5.87%
Portfolio Return (net)	4.19%	3.77%	16.34%	7.68%	8.92%	7.09%	5.37%
Policy Index	3.72%	3.20%	14.34%	7.10%	9.31%	8.67%	6.39%
Russell 3000	6.34%	4.57%	21.13%	11.13%	15.59%	13.50%	8.61%
# Share Outstanding	1,193,412	1,143,318	1,120,329	1,030,983	982,381	962,315	973,249
Net Asset Value	36,792,530	34,142,853	30,857,152	28,806,943	24,352,319	24,688,211	28,013,206
Share Value	30.8297	29.8629	27.5429	27.9412	24.7891	25.6550	28.7832



Funds vs. Benchmarks - Episcopal Diocese of Michigan

		4th Qtr 2017	2017 Returns	2016 Return	2015 Return	2nd Half of	Since	Target	Annual
		Return				2014 Return	06/30/14	Weight	Expense
							(42 months)		Ratio
							Annualized		
<b><u>Fixed Income:</u></b>									
Fund	Vanguard Total Bond Market Index Instl (VBTIX)	0.41%	3.57%	2.61%	0.41%	1.91%	2.44%	31%	0.04%
Benchmark	Barclays Total Bond Market	0.39%	3.54%	2.65%	0.56%	1.93%	2.48%		
<b><u>U.S. Stocks:</u></b>									
Fund	DFA US Social Core 2 (DFUEX)	7.03%	18.98%	17.78%	-4.64%	1.63%	9.14%	22%	0.28%
Benchmark	Russell 3000 Value	5.08%	13.19%	18.40%	-4.14%	4.39%	8.75%		
Fund	Vanguard FTSE Social Index Institutional (VFTNX)	6.84%	24.19%	10.34%	1.27%	8.30%	12.34%	20%	0.12%
Benchmark	S&P 500	6.64%	21.83%	11.96%	1.38%	6.12%	11.58%		
<b><u>International Stocks:</u></b>									
Fund	DFA International Social Core (DSCLX)	4.48%	27.65%	6.31%	-0.75%	-12.27%	4.89%	18%	0.37%
Benchmark	MSCI EAFE	4.27%	25.62%	1.51%	-0.39%	-9.20%	4.17%		
Fund	DFA Emerging Markets Social Core (DFESX)	7.33%	37.30%	13.18%	-15.49%	-7.63%	5.67%	4%	0.56%
Benchmark	MSCI Emerging Markets	7.50%	37.75%	11.60%	-14.60%	-7.78%	5.66%		
<b><u>Real Estate Investment Trusts:</u></b>									
Fund	Vanguard REIT Index (VGSLX)	1.39%	4.94%	8.50%	2.38%	10.72%	7.56%	4%	0.12%
Benchmark	Dow Jones US Select REIT	1.98%	3.76%	6.68%	4.47%	11.64%	7.57%		
<b><u>Cash:</u></b>									
Fund	Scwab Money Market (SNVXX)	0.18%	0.49%	0.00%	0.00%	0.00%	0.11%	1%	0.00%
Benchmark	30 Day T-Bills	0.26%	0.80%	0.16%	0.01%	0.00%	0.23%		
<b>Total Fund:</b>									
Fund	EDOMI Growth & Income Fund - Net	4.19%	16.34%	8.77%	-1.34%	0.85%	6.80%	100%	0.19%
Benchmark	Policy Index	3.72%	14.34%	8.24%	-0.75%	1.23%	6.42%		
	+/- benchmark	0.47%	2.00%	0.53%	-0.59%	-0.38%	0.38%	DPI Fee	0.10%
								Total	0.29%

**Trustees of the Diocese of Michigan  
Growth and Income Fund Activity**

**For the Four Quarters Ending December 31, 2017**

	<u>Net Assets</u>	<u># Shares</u>	<u>Share Value</u>	<u>Return on Avg Value</u>
Balance at 12-31-2016	30,857,152	1,120,328.63	27.5429	
New deposits	2,062,600	70,390.82		
Dividends Reinvested	340,877	11,873.29		
Withdrawals	-265,974	-9,181.03		
Dividend and Interest Income	844,895		0.7277	2.55%
Invest Mgmt Fees	-34,392		-0.0298	-0.10%
Audit, Accounting, Other	-28,683		-0.0250	-0.09%
Realized/Unrealized Gains (Losses)	4,300,201		3.7271	13.08%
Balance Before Dividend	<u>38,076,675</u>		<u>31.9429</u>	<u>15.45%</u>
Dividend Distribution	-1,284,145		-1.1132	-3.91%
Balance After Dividend at 12-31-2017	<u><u>36,792,530</u></u>	<u><u>1,193,411.71</u></u>	<u><u>30.8297</u></u>	<u><u>11.54%</u></u>

**For the Quarter Ending December 31, 2017**

	<u>Net Assets</u>	<u># Shares</u>	<u>Share Value</u>	<u>Return on Avg Value</u>
Balance at 9-30-2017	34,142,853	1,143,318.48	29.8629	
New deposits	1,440,794	48,246.89		
Dividends Reinvested	85,112	2,850.07		
Withdrawals	-29,974	-1,003.73		
Dividend and Interest Income	332,174		0.2783	0.92%
Invest Mgmt Fees	-9,260		-0.0078	-0.03%
Audit, Accounting, Other	-3,189		-0.0027	-0.01%
Realized/Unrealized Gains (Losses)	1,166,147		0.9772	3.22%
Balance Before Dividend	<u>37,124,657</u>		<u>31.1080</u>	<u>4.10%</u>
Dividend Distribution	-332,127		-0.2783	-0.92%
Balance at 12-31-2017	<u><u>36,792,530</u></u>	<u><u>1,193,411.71</u></u>	<u><u>30.8297</u></u>	<u><u>3.19%</u></u>