



THE TRUSTEES OF THE DIOCESE OF MICHIGAN

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

April 11, 2018

Dear Growth and Income Fund Investor:

For the first time since Q3 2015, we saw our net investment performance for the most recent quarter dip into negative territory with a -1.25% return for Q1 2018. However, for the seventh quarter in a row, we have beaten our policy index in the Growth and Income Fund as the benchmark for the quarter was -1.71%. As with most investment portfolios, we saw our balances grow rapidly in January, only to tumble in February followed by high volatility in March. The returns of most of our asset classes closely matched those of their respective benchmarks with one exception. The DFA US Social Core Fund (US All Cap Value Equities), which represents about 22% of our total fund, was down 1.05% while its target index was down 2.82%. That outperformance of 1.77% is largely what drove the outperformance at the total fund level.

Since moving to the new investment strategy about 45 months ago, the net investment performance has averaged 5.98% per year compared to a policy index of 5.50%.

The share value of the Fund as of the end of the first quarter 2018 was \$30.1604, down 2.2% from the 2017 Q4 value of \$30.8297, and up 5.9% over the 2017 Q1 value of \$28.4807. For the past year, gross investment performance was 10.0%, investment management fees were 0.11%, accounting/audit/legal fees were 0.09%, and dividends were 3.92%, resulting in a net gain of 5.9%.

The dividend rate for 2018 is set at \$0.2803 per share per quarter. The next distribution will go out in late June. The amount of your next dividend distribution can be found in the lower right corner of your Q1 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.

Sincerely,

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

Mark Miliotto

Treasurer and Director of Finance

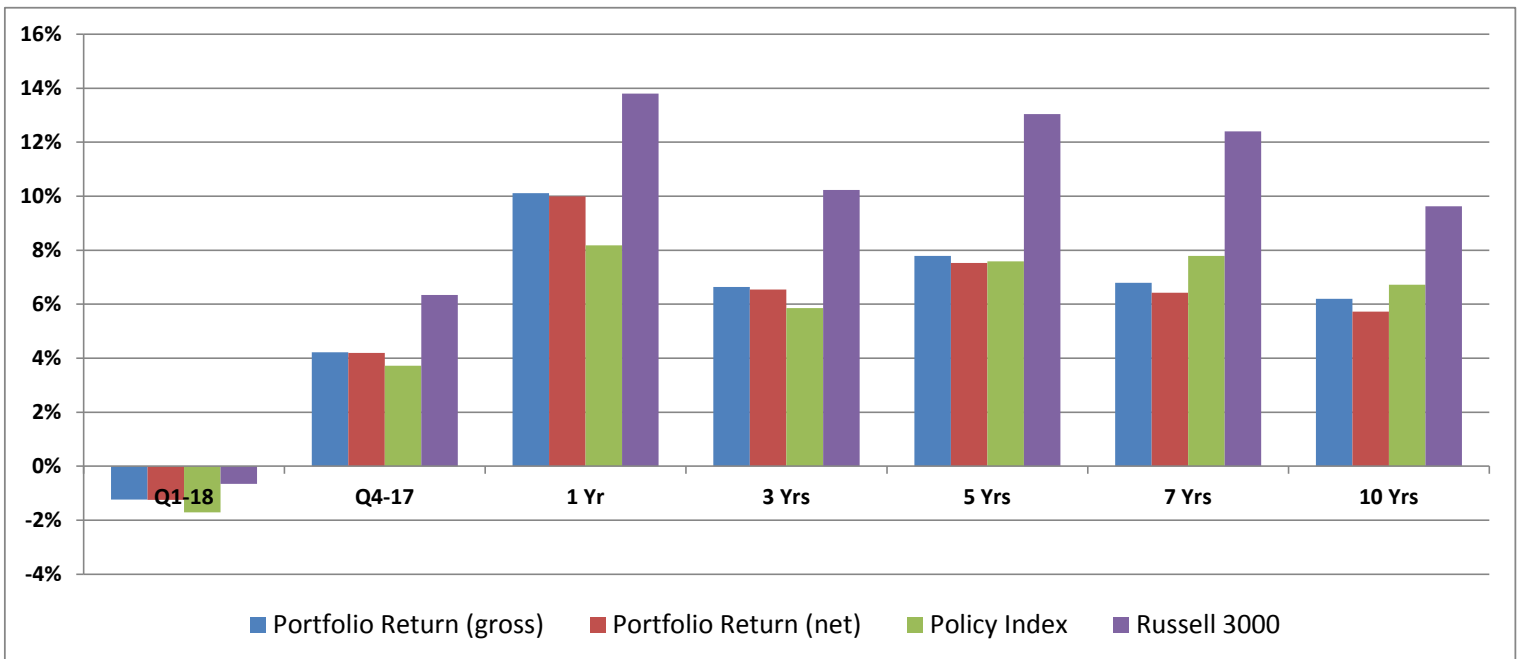
**Trustees of the Episcopal Diocese of Michigan
Growth and Income Fund
Portfolio Review
1st Quarter 2018**

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%	19.6%	-0.74%	-0.76%
US All Cap Value Stocks	DFA US Social Core 2 (DFUEX)	22%	21.5%	-1.05%	-2.82%
Developed Market Int'l Stocks	DFA Int'l Social Core (DSC LX)	18%	17.6%	-0.93%	-1.41%
Emerging Market Stocks	DFA Emerg Mkts Social Core (DFESX)	4%	4.0%	1.81%	1.47%
Real Estate	Vanguard REIT Index (VGSLX)	4%	4.0%	-8.11%	-7.43%
Fixed Income	Vanguard Total Bond Index Instit (VBTIX)	31%	31.9%	-1.47%	-1.46%
Cash	Schwab Money Market	1%	1.3%	0.26%	0.34%
Total Portfolio (net)				-1.25%	-1.71%

Overall Performance History

	Q1-18	Q4-17	1 Yr	3 Yrs	5 Yrs	7 Yrs	10 Yrs
Portfolio Return (gross)	-1.23%	4.22%	10.11%	6.64%	7.79%	6.79%	6.20%
Portfolio Return (net)	-1.25%	4.19%	10.00%	6.54%	7.53%	6.42%	5.72%
Policy Index	-1.71%	3.72%	8.18%	5.86%	7.59%	7.79%	6.72%
Russell 3000	-0.65%	6.34%	13.80%	10.23%	13.04%	12.40%	9.63%
# Share Outstanding	1,215,601	1,193,412	1,134,710	1,035,082	1,008,409	953,126	987,460
Net Asset Value	36,662,943	36,792,530	32,317,341	29,184,689	26,026,344	24,975,469	26,818,627
Share Value	30.1604	30.8297	28.4807	28.1955	25.8093	26.2037	27.1592



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

For the Quarter Ending March 31, 2018

	<u>Net Assets</u>	<u># Shares</u>	<u>Share Value</u>	<u>Return on Avg Value</u>	<u>Return on Begin Value</u>
Balance at 12-31-2017	36,792,530	1,193,411.71	30.8297		
New deposits	680,079	22,059.22			
Dividends Reinvested	96,995	3,146.16			
Withdrawals	-93,000	-3,016.57			
Dividend and Interest Income	129,396		0.1064	0.35%	0.35%
Invest Mgmt Fees	-9,223		-0.0076	-0.02%	-0.02%
Audit, Accounting, Other	-3,122		-0.0026	-0.01%	-0.01%
Realized/Unrealized Gains (Losses)	-589,980		-0.4853	-1.59%	-1.57%
Balance Before Dividend	<u>37,003,676</u>		<u>30.4407</u>	<u>-1.28%</u>	<u>-1.26%</u>
Dividend Distribution	<u>-340,733</u>		<u>-0.2803</u>	<u>-0.92%</u>	<u>-0.91%</u>
Balance at 3-31-2018	<u><u>36,662,943</u></u>	<u><u>1,215,600.51</u></u>	<u><u>30.1604</u></u>	<u><u>-2.19%</u></u>	<u><u>-2.17%</u></u>

For the Four Quarters Ending March 31, 2018

	<u>Net Assets</u>	<u># Shares</u>	<u>Share Value</u>	<u>Return on Avg Value</u>	<u>Return on Begin Value</u>
Balance at 3-31-2017	32,317,341	1,134,709.53	28.4807		
New deposits	2,430,927	81,131.25			
Dividends Reinvested	352,533	11,921.03			
Withdrawals	-357,974	-12,161.30			
Dividend and Interest Income	849,818		0.7244	2.44%	2.54%
Invest Mgmt Fees	-35,483		-0.0302	-0.10%	-0.11%
Audit, Accounting, Other	-28,567		-0.0247	-0.08%	-0.09%
Realized/Unrealized Gains (Losses)	2,443,437		2.1253	7.16%	7.46%
Balance Before Dividend	<u>37,972,031</u>		<u>31.2756</u>	<u>9.42%</u>	<u>9.81%</u>
Dividend Distribution	<u>-1,309,088</u>		<u>-1.1152</u>	<u>-3.76%</u>	<u>-3.92%</u>
Balance After Dividend at 3-31-2018	<u><u>36,662,943</u></u>	<u><u>1,215,600.51</u></u>	<u><u>30.1604</u></u>	<u><u>5.66%</u></u>	<u><u>5.90%</u></u>