



# THE TRUSTEES OF THE DIOCESE OF MICHIGAN

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July 17, 2018

Dear Growth and Income Fund Investor:

After beginning the calendar year with a slight decline, we experienced a small rebound in the 2<sup>nd</sup> quarter. The net investment performance for the Q2 2018 was 1.14% after a -1.25% return in Q1, while the policy index for Q2 was 0.93%. It was our two US Equities and our Real Estate portfolios that drove the performance this quarter with all three of those funds in strong positive territory. Our two International Equities portfolios were both a bit of a drag on performance while the Fixed Income fund was mostly flat.

Since moving to the new investment strategy four years ago, the net investment performance has averaged 5.90% per year compared to a policy index of 5.39%.

The share value of the Fund as of the end of the second quarter 2018 was \$30.2130 up slightly from the first quarter share value of \$30.1604, but still down from the beginning year balance of \$30.8297. For the past year, gross investment performance was about 7.6%, investment management fees were 0.10%, accounting/audit/legal fees were 0.08%, and dividends were 3.7%, resulting in a net gain of about 3.7%.

The dividend rate for 2018 is set at \$0.2803 per share per quarter. The next distribution will go out in late September. The amount of your next dividend distribution can be found in the lower right corner of your Q2 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

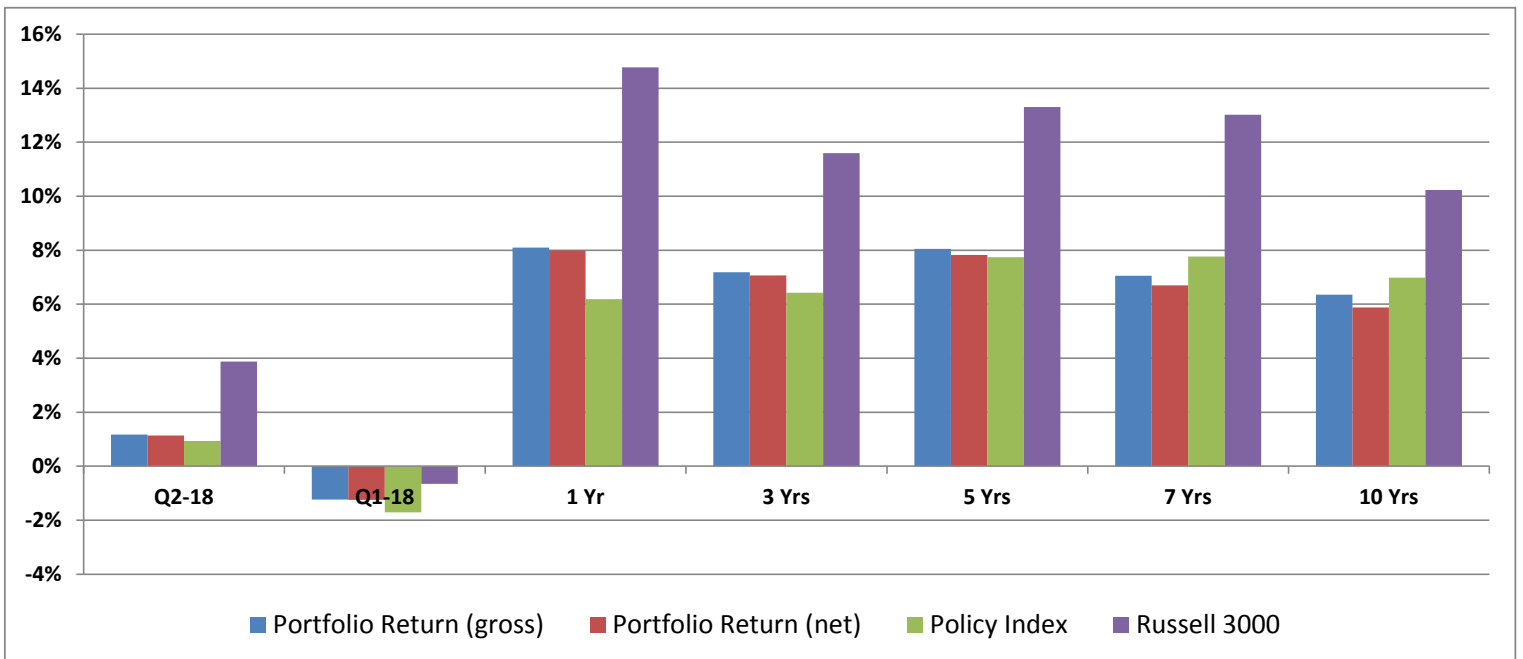
**Trustees of the Episcopal Diocese of Michigan  
Growth and Income Fund  
Portfolio Review  
2nd Quarter 2018**

**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%	19.9%	4.04%	3.43%
US All Cap Value Stocks	DFA US Social Core 2 (DFUEX)	22%	21.8%	3.68%	1.71%
Developed Market Int'l Stocks	DFA Int'l Social Core (DSCSX)	18%	17.8%	-1.78%	-0.97%
Emerging Market Stocks	DFA Emerg Mkts Social Core (DFESX)	4%	4.0%	-9.62%	-7.86%
Real Estate	Vanguard REIT Index (VGSLX)	4%	4.0%	8.80%	9.99%
Fixed Income	Vanguard Total Bond Index Instit (VBTIX)	31%	31.0%	-0.17%	-0.16%
Cash	Schwab Money Market	1%	1.4%	0.35%	0.42%
Total Portfolio (net)				1.14%	0.93%

**Overall Performance History**

	Q2-18	Q1-18	1 Yr	3 Yrs	5 Yrs	7 Yrs	10 Yrs
Portfolio Return (gross)	1.17%	-1.23%	8.10%	7.18%	8.05%	7.05%	6.35%
Portfolio Return (net)	1.14%	-1.25%	7.99%	7.07%	7.83%	6.70%	5.88%
Policy Index	0.93%	-1.71%	6.19%	6.43%	7.74%	7.77%	6.98%
Russell 3000	3.88%	-0.65%	14.77%	11.59%	13.30%	13.02%	10.23%
# Share Outstanding	1,225,929	1,215,601	1,142,808	1,084,267	1,010,500	957,583	979,421
Net Asset Value	37,039,020	36,662,943	33,199,240	30,132,538	25,707,625	24,637,387	26,142,341
Share Value	30.2130	30.1604	29.0506	27.7907	25.4405	25.7287	26.6916



**Growth and Income Fund**  
**Income Statement**  
**As of June 30, 2018**

	Current Quarter	per # of Shares	as % of Avg Assets	Last 4 Quarters	as % of Avg Assets
Investment Income					
Dividend Income	236,302	0.193	0.64%	779,005	2.16%
Interest Income	0	0.000	0.00%	0	0.00%
Capital Gain Distributions	0	0.000	0.00%	103,042	0.29%
Other Revenues	0	0.000	0.00%	0	0.00%
Total Investment Income	<u>236,302</u>	0.193	0.64%	<u>882,047</u>	2.45%
Expenses					
Legal	0	0.000	0.00%	3,972	0.01%
Audit	10,600	0.009	0.03%	12,040	0.03%
Accounting Fees	3,000	0.002	0.01%	12,000	0.03%
Investment Management Expense	9,322	0.008	0.03%	36,443	0.10%
Conference Calls	28	0.000	0.00%	225	0.00%
Printing	0	0.000	0.00%	0	0.00%
Meeting Expenses	0	0.000	0.00%	74	0.00%
Bank Charges	69	0.000	0.00%	288	0.00%
Total Expenses	<u>23,018</u>	0.019	0.06%	<u>65,041</u>	0.18%
Net Investment Income	<u>213,284</u>	0.174	0.58%	<u>817,006</u>	2.26%
Realized and Unrealized Gain (loss) from Investments					
Unrealized Gains (Losses)	153,085	0.125	0.41%	1,755,795	4.87%
Realized Gains(Losses)	41,837	0.034	0.11%	95,324	0.26%
Total Realized and Unrealized Gain (loss) from Investments	<u>194,921</u>	0.159	0.53%	<u>1,851,119</u>	5.13%
Net Increase (Decrease) in Net Assets from Operations	<u>408,205</u>	0.333	1.10%	<u>2,668,125</u>	7.40%
Memo					
Dividend Distribution	<u>-343,628</u>	-0.280	-0.93%	<u>-1,334,673</u>	-3.70%
Net Growth after Dividends	<u>64,578</u>	0.053	0.17%	<u>1,333,452</u>	3.70%