



THE TRUSTEES OF THE DIOCESE OF MICHIGAN

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October 9, 2018

Dear Growth and Income Fund Investor:

The good news is that for Q3 2018 the net investment return for the Growth and Income Fund was +2.69%. The less than good news is that we lagged our benchmark by 0.29%. While returns in most of our holdings were in line with their respective benchmarks, our DFA International Social Core (International Developed Markets stocks) portfolio returned only 0.10% compared to its benchmark (MSCI EAFE) of 1.42%. DFA's tilt toward small cap stocks relative to the EAFE index is the primary driver for this underperformance.

Over the past year, the net return of 6.87% has outperformed the benchmark of 5.96%. Over the last five years (most of which has been under the existing investment strategy), the net investment performance has averaged 7.40% per year compared to a policy index of 7.37%.

The share value of the Fund as of the end of the third quarter 2018 was \$30.7418 up 1.75% from the second quarter share value of \$30.2130, but still down just a tad from the beginning year balance of \$30.8297. For the past year, gross investment performance was about 6.7%, investment management fees were 0.10%, accounting/audit/legal fees were 0.06%, and dividends were 3.7%, resulting in a net gain (increase in purchasing power) of about 2.8%.

The Q4 dividend of \$0.2803 per share per quarter will be distributed around Christmas time. The amount of this dividend distribution can be found in the lower right corner of your Q3 Investor Balance and Activity Report. **The Trustees approved a 2019 quarterly dividend of \$0.2872**, which is derived from a 4.10% payout of the average net asset value of the previous twenty quarters.

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

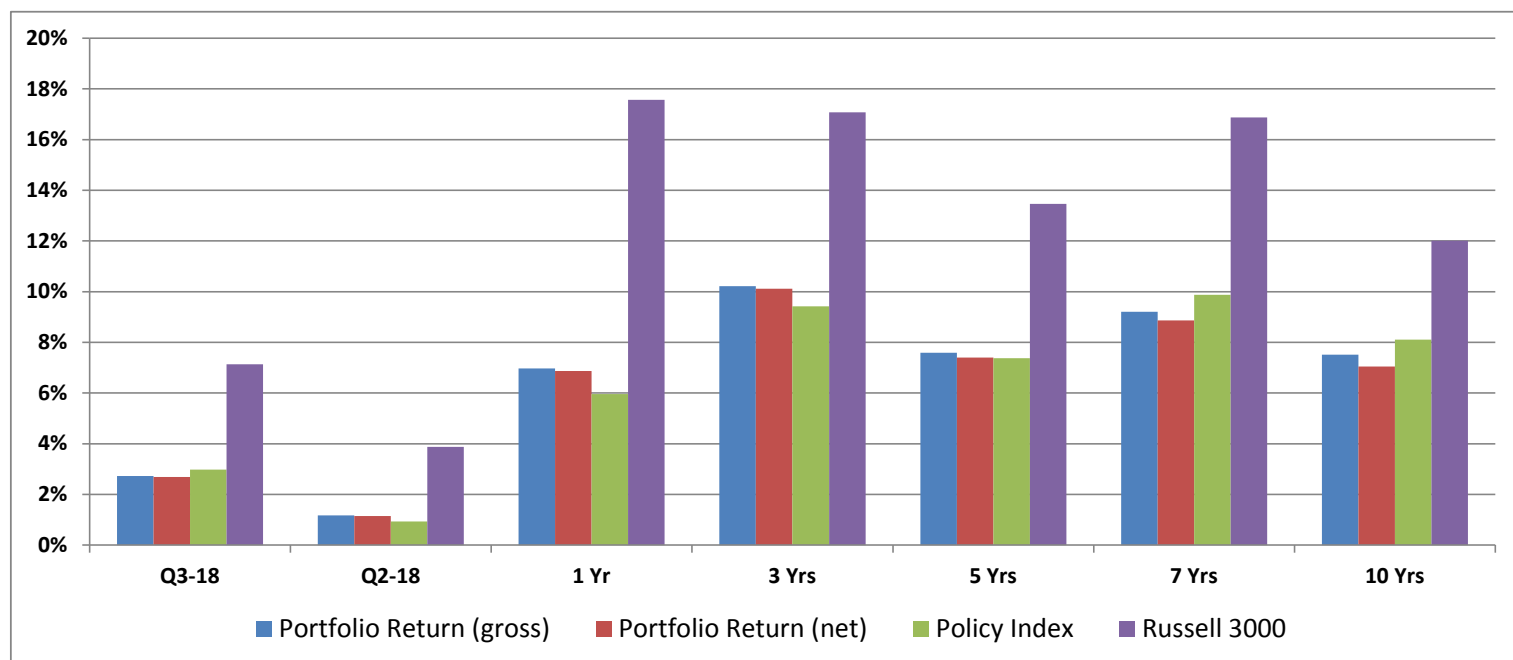
**Trustees of the Episcopal Diocese of Michigan
Growth and Income Fund
Portfolio Review
3rd Quarter 2018**

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%	7.67%	7.71%
US All Cap Value Stocks	DFA US Social Core 2 (DFUEX)	22%	21.9%	5.43%	5.39%
Developed Market Int'l Stocks	DFA Int'l Social Core (DSC LX)	18%	17.8%	0.10%	1.42%
Emerging Market Stocks	DFA Emerg Mkts Social Core (DFESX)	4%	4.0%	-1.12%	-0.95%
Real Estate	Vanguard REIT Index (VGSLX)	4%	4.0%	0.52%	0.72%
Fixed Income	Vanguard Total Bond Index Instit (VBTIX)	31%	31.1%	0.03%	0.02%
Cash	Schwab Money Market	1%	1.3%	0.41%	0.48%
Total Portfolio (net)				2.69%	2.98%

Overall Performance History

	Q3-18	Q2-18	1 Yr	3 Yrs	5 Yrs	7 Yrs	10 Yrs
Portfolio Return (gross)	2.72%	1.17%	6.97%	10.22%	7.59%	9.21%	7.51%
Portfolio Return (net)	2.69%	1.14%	6.87%	10.11%	7.40%	8.87%	7.05%
Policy Index	2.98%	0.93%	5.96%	9.42%	7.37%	9.88%	8.11%
Russell 3000	7.13%	3.88%	17.57%	17.08%	13.46%	16.87%	12.01%
# Share Outstanding	1,226,266	1,225,929	1,143,318	1,090,825	1,028,854	953,348	992,292
Net Asset Value	37,697,668	37,039,020	34,142,853	28,313,516	27,118,752	21,620,668	24,026,754
Share Value	30.7418	30.2130	29.8629	25.9560	26.3582	22.6787	24.2134



Growth and Income Fund
Income Statement
As of September 30, 2018

	Current Quarter	per # of Shares	as % of Avg Assets	Last 4 Quarters	as % of Avg Assets
Investment Income					
Dividend Income	219,308	0.179	0.58%	814,138	2.20%
Interest Income	0	0.000	0.00%	0	0.00%
Capital Gain Distributions	0	0.000	0.00%	103,042	0.28%
Other Revenues	0	0.000	0.00%	0	0.00%
Total Investment Income	<u>219,308</u>	0.179	0.58%	<u>917,180</u>	2.48%
Expenses					
Legal	0	0.000	0.00%	0	0.00%
Audit	1,440	0.001	0.00%	12,040	0.03%
Accounting Fees	3,000	0.002	0.01%	12,000	0.03%
Investment Management Expense	9,432	0.008	0.03%	37,238	0.10%
Conference Calls	35	0.000	0.00%	118	0.00%
Printing	0	0.000	0.00%	0	0.00%
Meeting Expenses	29	0.000	0.00%	103	0.00%
Bank Charges	0	0.000	0.00%	252	0.00%
Total Expenses	<u>13,937</u>	0.011	0.04%	<u>61,749</u>	0.17%
Net Investment Income	<u>205,371</u>	0.167	0.54%	<u>855,431</u>	2.32%
Realized and Unrealized Gain (loss) from Investments					
Unrealized Gains (Losses)	598,131	0.488	1.59%	1,276,581	3.46%
Realized Gains(Losses)	188,672	0.154	0.50%	281,311	0.76%
Total Realized and Unrealized Gain (loss) from Investments	<u>786,804</u>	0.642	2.09%	<u>1,557,892</u>	4.22%
Net Increase (Decrease) in Net Assets from Operations	<u>992,175</u>	0.809	2.63%	<u>2,413,323</u>	6.53%
Memo					
Dividend Distribution	<u>-343,628</u>	-0.280	-0.91%	<u>-1,360,210</u>	-3.68%
Net Growth after Dividends	<u>648,547</u>	0.529	1.72%	<u>1,053,114</u>	2.85%