



THE TRUSTEES OF THE DIOCESE OF MICHIGAN

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

July 11, 2019

Dear Growth and Income Fund Investor:

The Growth and Income Fund of the Episcopal Diocese of Michigan had another good quarter in terms of investment performance, continuing its recovery after a rough end to 2018. The Q2 2019 net investment return for the Growth and Income Fund was +3.27%, which follows a 9.38% pickup in Q1. The policy benchmark for the quarter was 3.41%, so we did underperform slightly. Even so, returns in all asset classes were positive, most notably in our two US Equities portfolios, each of which exceeded its benchmark by 0.3%. Our Developed Market International Fund, while in positive territory for the quarter, lagged its benchmark by 1.60%, and was the primary driver of the overall underperformance.

Over the last 4 quarters, the net investment return was 5.32%, which compares rather unfavorably with our benchmark of 7.27%. This poor performance over the last year was driven almost exclusively by the underperformance in Q4 2018. The longer-term results, however, are a different story. Since moving to our existing investment strategy exactly five years ago, the net investment performance has averaged 5.78% per year, just beating the policy index of 5.76% per year.

The share value of the Fund as of the end of the second quarter 2019 was \$30.6105, up 2.3% over the first quarter share value of \$29.9317. Over the last twelve months, gross investment performance was up 5.3%, investment management fees were 0.10%, accounting/audit fees were 0.07%, and dividends averaged 3.8%, resulting in a net, after-dividends and after-expenses gain of 1.3%.

The Q3 dividend of \$0.2872 per share per quarter will be distributed in late September. The amount of this dividend distribution can be found in the lower right corner of your Q2 Investor Balance and Activity Report. Please note that the 2018 Audited Financial Statements are included with this quarter's package of reports.

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. Or visit our website at <https://www.edomi.org/church-admin/finance/growth-income-fund/>.

Sincerely,

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

Mark Miliotto
Treasurer and Director of Finance

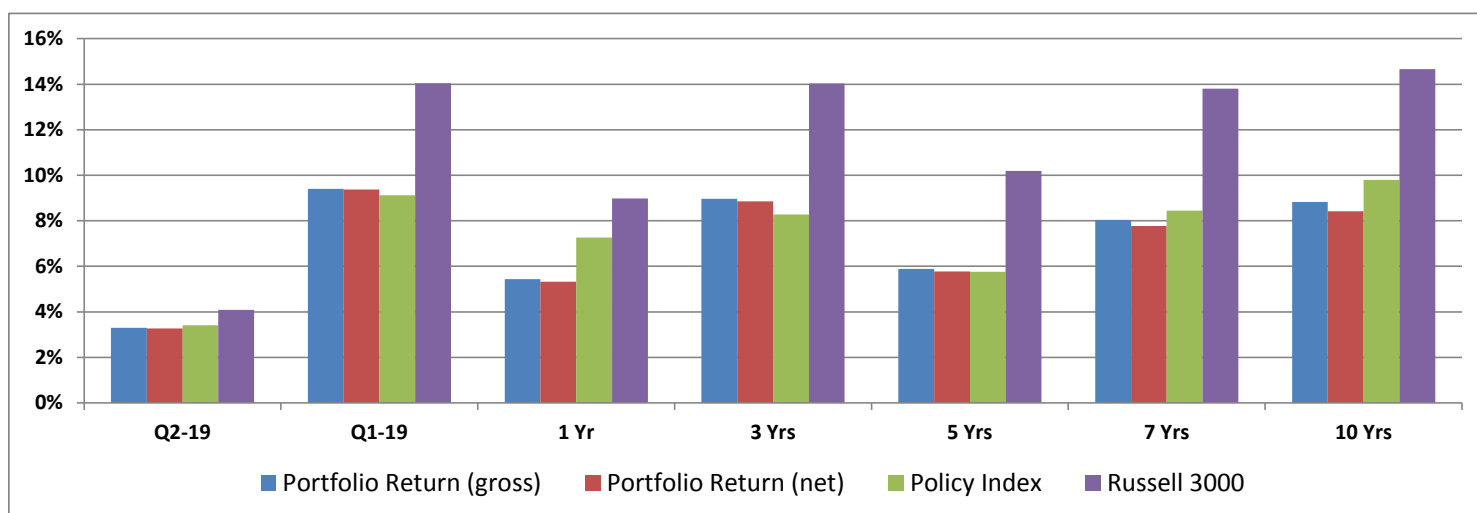
**Trustees of the Episcopal Diocese of Michigan
Growth and Income Fund
Performance Dashboard
2nd Quarter 2019**

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%	4.58%	4.30%
US All Cap Value Stocks	DFA US Social Core 2 (DFUEX)	22%	22.0%	3.98%	3.68%
Developed Market Int'l Stocks	DFA Int'l Social Core (DSCLX)	18%	17.8%	2.37%	3.97%
Emerging Market Stocks	DFA Emerg Mkts Social Core (DFESX)	4%	3.9%	1.18%	0.74%
Real Estate	Vanguard REIT Index (VGSLX)	4%	3.9%	1.73%	0.82%
Fixed Income	Vanguard Total Bond Index Instit (VBTIX)	31%	31.0%	3.08%	3.08%
Cash	Schwab Money Market	1%	1.5%	0.53%	0.60%
Total Portfolio (net)				3.27%	3.41%

Overall Performance History

	Q2-19	Q1-19	1 Yr	3 Yrs	5 Yrs	7 Yrs	10 Yrs
Portfolio Return (gross)	3.30%	9.41%	5.43%	8.97%	5.88%	8.04%	8.83%
Portfolio Return (net)	3.27%	9.38%	5.32%	8.86%	5.78%	7.77%	8.42%
Policy Index	3.41%	9.12%	7.27%	8.28%	5.76%	8.44%	9.79%
Russell 3000	4.09%	14.04%	8.98%	14.03%	10.19%	13.80%	14.67%
# Share Outstanding	1,231,933	1,230,417	1,225,929	1,112,278	1,028,248	967,254	1,008,842
Net Asset Value	37,710,112	36,828,433	37,039,020	29,660,517	29,067,976	23,391,383	21,061,878
Share Value	30.6105	29.9317	30.2130	26.6665	28.2694	24.1833	20.8773



Other Key Figures

Number of Investors in the Fund	54		Investment Advisor Fees (annualized)	0.10%
Average Investment Size	\$704,400		Mutual Fund Fees (ann. weighted avg)	0.19%
Median Investment Size	\$66,372		Accounting and Audit Services (avg)	0.07%
Largest Investment (Dio Michigan)	\$20,294,000		Dividend Rate (applied to 20 qtr avg)	4.10%
Smallest Investment	\$282		Questions? Mark Miliotto at mmiliotto@edomi.org or 313-833-4427	

Funds vs. Benchmarks - Episcopal Diocese of Michigan

		2nd Qtr 2019	1st Qtr 2019	2018 Returns	2017 Returns	2016 Returns	2015 Returns	2nd Half of 2014 Return	Since 06/30/14 (60 months) Annualized	Target Weight	Annual Expense Ratio
<u>Fixed Income:</u>											
Fund	Vanguard Total Bond Market Index Instl (VBTIX)	3.08%	2.95%	-0.01%	3.57%	2.61%	0.41%	1.91%	2.91%	31%	0.035%
Benchmark	Barclays Total Bond Market	3.08%	2.94%	0.01%	3.54%	2.65%	0.56%	1.93%	2.94%		
<u>U.S. Stocks:</u>											
Fund	DFA US Social Core 2 (DFUEX)	3.98%	13.99%	-9.98%	18.98%	17.78%	-4.64%	1.63%	7.70%	22%	0.28%
Benchmark	Russell 3000 Value	3.68%	11.93%	-8.58%	13.19%	18.40%	-4.14%	4.39%	7.31%		
Fund	Vanguard FTSE Social Index Institutional (VFTNX)	4.58%	13.76%	-3.38%	24.19%	10.34%	1.27%	8.30%	11.55%	20%	0.12%
Benchmark	S&P 500	4.30%	13.65%	-4.38%	21.83%	11.96%	1.38%	6.12%	10.71%		
<u>International Stocks:</u>											
Fund	DFA International Social Core (DSCSX)	2.37%	9.92%	-17.38%	27.65%	6.31%	-0.75%	-12.27%	1.90%	18%	0.36%
Benchmark	MSCI EAFE	3.97%	10.13%	-13.36%	25.62%	1.51%	-0.39%	-9.20%	2.73%		
Fund	DFA Emerging Markets Social Core (DFESX)	1.18%	8.94%	-14.88%	37.30%	13.18%	-15.49%	-7.63%	2.62%	4%	0.55%
Benchmark	MSCI Emerging Markets	0.74%	9.95%	-14.25%	37.75%	11.60%	-14.60%	-7.78%	2.83%		
<u>Real Estate Investment Trusts:</u>											
Fund	Vanguard REIT Index (VGSIX)	1.73%	17.28%	-5.95%	4.94%	8.50%	2.38%	10.72%	7.69%	4%	0.12%
Benchmark	Dow Jones US Select REIT	0.82%	15.72%	-4.22%	3.76%	6.68%	4.47%	11.64%	7.60%		
<u>Cash:</u>											
Fund	Schwab Money Market (SNVXX)	0.53%	0.55%	1.51%	0.49%	0.00%	0.00%	0.00%	0.61%	1%	0.00%
Benchmark	30 Day T-Bills	0.60%	0.58%	1.81%	0.80%	0.16%	0.01%	0.00%	0.79%		
Total Fund:											
Fund	EDOMI Growth & Income Fund - Net	3.27%	9.38%	-6.88%	16.34%	8.77%	-1.34%	0.85%	5.78%	100%	0.188%
Benchmark	Policy Index	3.41%	9.12%	-5.70%	14.34%	8.24%	-0.75%	1.23%	5.76%		
	+/- benchmark	-0.14%	0.26%	-1.18%	2.00%	0.53%	-0.59%	-0.38%	0.02%	DPI Fee	0.10%
										Total	0.288%

Growth and Income Fund
Income Statement
As of June 30, 2019

	Current	per # of	as % of	Last 4	as % of
	Quarter	Shares	Avg	Quarters	Avg
	<u> </u>	<u> </u>	<u>Assets</u>	<u> </u>	<u>Assets</u>
Investment Income					
Dividend Income	272,566	0.221	0.73%	879,967	2.40%
Interest Income	0	0.000	0.00%	1	0.00%
Capital Gain Distributions	0	0.000	0.00%	123,599	0.34%
Other Revenues	0	0.000	0.00%	0	0.00%
Total Investment Income	<u>272,566</u>	0.221	0.73%	<u>1,003,567</u>	2.73%
Expenses					
Legal	0	0.000	0.00%	0	0.00%
Audit	8,490	0.007	0.02%	13,480	0.04%
Accounting Fees	3,000	0.002	0.01%	12,000	0.03%
Investment Management Expense	9,491	0.008	0.03%	36,823	0.10%
Conference Calls	0	0.000	0.00%	122	0.00%
Printing	0	0.000	0.00%	0	0.00%
Meeting Expenses	30	0.000	0.00%	141	0.00%
Bank Charges	0	0.000	0.00%	0	0.00%
Total Expenses	<u>21,010</u>	0.017	0.06%	<u>62,566</u>	0.17%
Net Investment Income	<u>251,555</u>	0.204	0.67%	<u>941,001</u>	2.56%
Realized and Unrealized Gain (loss) from Investments					
Unrealized Gains (Losses)	889,377	0.722	2.37%	760,145	2.07%
Realized Gains(Losses)	49,624	0.040	0.13%	186,519	0.51%
Total Realized and Unrealized Gain (loss) from Investments	<u>939,001</u>	0.762	2.50%	<u>946,664</u>	2.58%
Net Increase (Decrease) in Net Assets from Operations	<u>1,190,557</u>	0.966	3.17%	<u>1,887,665</u>	5.14%
Memo					
Dividend Distribution	<u>-353,811</u>	-0.287	-0.94%	<u>-1,395,402</u>	-3.80%
Net Growth after Dividends	<u>836,745</u>	0.679	2.23%	<u>492,262</u>	1.34%

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

For the Quarter Ending June 30, 2019

	<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 3-31-2019	36,828,433	1,230,416.80	29.9317		
New deposits	33,637	1,123.81			
Dividends Reinvested	111,746	3,733.36			
Withdrawals	-100,000	-3,340.94			
Dividend and Interest Income	272,566		0.2213	0.73%	0.74%
Invest Mgmt Fees	-9,491		-0.0077	-0.03%	-0.03%
Audit, Accounting, Other	-11,970		-0.0097	-0.03%	-0.03%
Realized/Unrealized Gains (Losses)	939,001		0.7622	2.52%	2.55%
Balance Before Dividend	<u>38,063,923</u>		<u>30.8977</u>	<u>3.19%</u>	<u>3.23%</u>
Dividend Distribution	-353,811		-0.2872	-0.95%	-0.96%
Balance After Dividend at 6-30-2019	<u><u>37,710,112</u></u>	<u><u>1,231,933.03</u></u>	<u><u>30.6105</u></u>	<u><u>2.24%</u></u>	<u><u>2.27%</u></u>

For the Four Quarters Ending June 30, 2019

	<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 6-30-2018	37,039,020	1,225,928.63	30.2130		
New deposits	512,876	17,355.64			
Dividends Reinvested	419,813	14,189.09			
Withdrawals	-753,860	-25,540.33			
Dividend and Interest Income	1,003,567		0.8163	2.74%	2.70%
Invest Mgmt Fees	-36,823		-0.0300	-0.10%	-0.10%
Audit, Accounting, Other	-25,743		-0.0209	-0.07%	-0.07%
Realized/Unrealized Gains (Losses)	946,664		0.7671	2.57%	2.54%
Balance Before Dividend	<u>39,105,514</u>		<u>31.7455</u>	<u>5.14%</u>	<u>5.07%</u>
Dividend Distribution	-1,395,402		-1.1350	-3.81%	-3.76%
Balance After Dividend at 3-31-2019	<u><u>37,710,112</u></u>	<u><u>1,231,933.03</u></u>	<u><u>30.6105</u></u>	<u><u>1.33%</u></u>	<u><u>1.32%</u></u>