



The  
Episcopal Diocese  
of New York

# 2019 Wardens' Conference

## Diocesan Investment Trust of New York

May 4, 2019

commonfund

# What is the Diocesan Investment Trust (DIT)?

## About us

**THE TRUSTEES OF THE ESTATE AND PROPERTY  
OF THE DIOCESAN CONVENTION OF NEW YORK**

*Established September 27, 1877*

***Diocesan Investment Trust***

1047 Amsterdam Avenue  
New York NY 10025

### **What is the Diocesan Investment Trust (DIT)?**

DIT is actually two things — first it's a trustee of funds, and second, it's like a mutual fund parishes can use.

The Trustees of the Estate and Property were incorporated in 1877 at the direction of the Diocesan Convention. A primary purpose was to hold funds in trust for parishes and institutions. The TEP still manages trust funds that have been set up over the years. Many congregations are the beneficiaries of these perpetual trusts.

In 1943 the Trustees created the Diocesan Investment Trust so any congregation or institution in the Diocese could invest. Today many congregations are direct shareholders in the DIT Fund as well as participants in the Parish Endowment Management Services (PEMS) offered through the DIT Office by the TEP (Trustees of the Estate and Property of the Diocesan Convention of New York.)

DIT exists only to serve the congregations and institutions of the Diocese of New York. The Convention of the Diocese elects a class of Trustees of the Estate and Property every year. For 142 years the Trustees of the Estate and Property and the Diocesan Investment Trust have provided stable, low-cost “arm’s-length” investment services for the diocese.

**Contact information: Michele Kearney, Executive Director, Diocesan Investment Trust**  
[mkearney@diocesenyc.org](mailto:mkearney@diocesenyc.org)    [www.ditofny.org](http://www.ditofny.org)

# Diocesan Investment Trust of New York

## Frequently asked Q & A

- ❖ Subscription and Redemption request frequency?  
Monthly.
- ❖ Subscription and Redemption client request deadline?  
The last day of each month.
- ❖ Deadline to submit subscription proceeds?  
The last day of the month.
- ❖ When are redemption proceeds released?  
Redemption proceeds are released on the 15<sup>th</sup> day of the month following the clients' written request.  
(example: request date Sept 30= payment date Oct 15<sup>th</sup>)
- ❖ Is there a minimum subscription or redemption amount?  
No
- ❖ How often does the DIT Fund pay a dividend?  
The DIT Fund pays a dividend 4 times a year. Payments are made on the 15<sup>th</sup> of the month following a quarter close.  
(example: March 31 quarter close = April 15<sup>th</sup> payment)
- ❖ Do you offer a cash or dividend reinvest option?  
Yes.
- ❖ How often does the DIT Fund release account and fund information?  
Client statements and Fund information are released on a quarterly basis via email.  
We do offer upon request monthly emailed reports. These reports are usually received by the client on or about the 25<sup>th</sup> of each month.

# Notice of Annual Shareholders' Informational Meeting

Wednesday, May 22, 2019 from 12:00PM – 12:45PM

St. Thomas' Church Fifth Avenue  
One West 53rd Street  
New York City

Shareholders, beneficiaries, and prospective DIT investors are cordially invited to send one or more representatives to this meeting, at which reports will be received from the President and from the Investment Managers of our DIT Funds. In addition, representatives of legal counsel and of the independent public accountants for the Funds will be present. They and the Trustees will be pleased to respond to any questions from the floor.

Lunch will be served. For planning purposes, please RSVP no later than May 10, 2019.

Please feel free to call the office and leave a message 212-932-7312, or respond via e-mail to Michele Kearney at [mkearney@dioceseny.org](mailto:mkearney@dioceseny.org)

# Commonfund Strategic Solutions

## Overview

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Diocesan Investment Trust of New York

*Portfolio Overview*

*As of March 31, 2019*

### Strategic Solutions Overview

Since 2009, The Diocesan Investment Trust of New York ("DIT") has been managed by the Commonfund Strategic Solutions Group. This comprehensive investment management program provides investment management advisory, and middle office services to clients. It is a collaborative approach, encompassing all aspects of portfolio management, including investment policy review, portfolio construction, total portfolio monitoring, rebalancing, risk management and reporting.

Commonfund Strategic Solutions® brings together the accumulated best thinking and investment management practices of Commonfund. The Strategic Solutions program is designed exclusively for nonprofit institutions that seek to improve all aspects of the management of their portfolios - providing guidance where needed in policy formulation, while focusing support on the resource-intensive implementation and execution of investment policies. Our dedicated professionals work with each client to design, tailor and implement an investment program that meets their specific needs. In doing so, Strategic Solutions helps to strengthen the fiduciary role of a client's Trustees by providing Investment Committee members the time to focus on strategic policy issues. The program is designed to serve as an extension of a client's investment staff and Investment Committee (not a replacement of), and as a resource to the institution's Trustees.

The main objective of DIT is to achieve growth in principal value (spending) over time sufficient to preserve or increase purchasing power, thus protecting against inflation. DIT invests in a diversified portfolio of strategies inclusive of traditional and non-traditional (alternative) investments through a diversified manager approach.

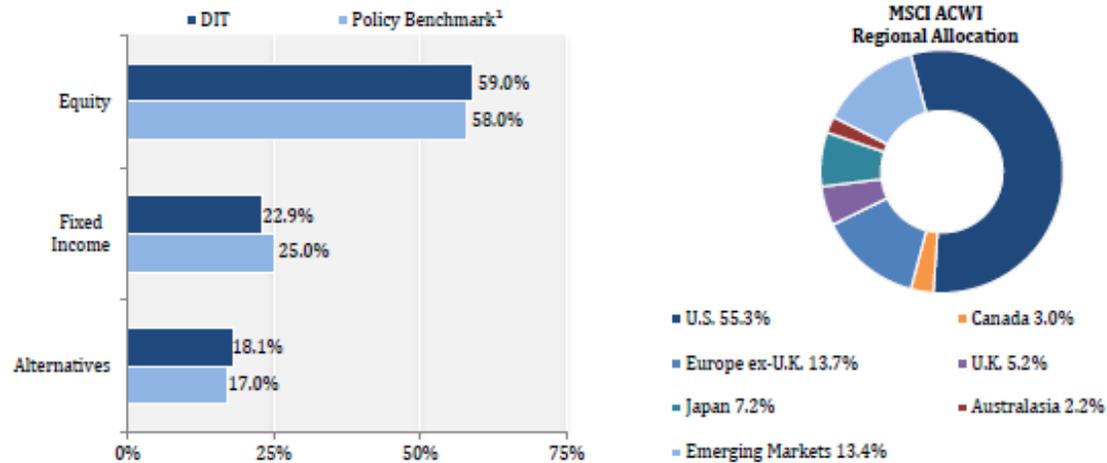
Similar to DIT, Commonfund is a signatory to the Principles for Responsible Investment (PRI). As such, Commonfund affirms its corporate commitment to the importance of environmental, social and governance investment issues. Oversight is maintained by Commonfund's Board of Trustees and CEO to monitor investment strategy and implementation to ensure compliance with Commonfund's ESG Policy and adherence to the PRI's six Principles. Please see [www.commonfund.org](http://www.commonfund.org) and <https://www.unpri.org>.

*As of March 31, 2019 Strategic Solutions managed approximately \$8.9 billion for 56 nonprofit clients.*

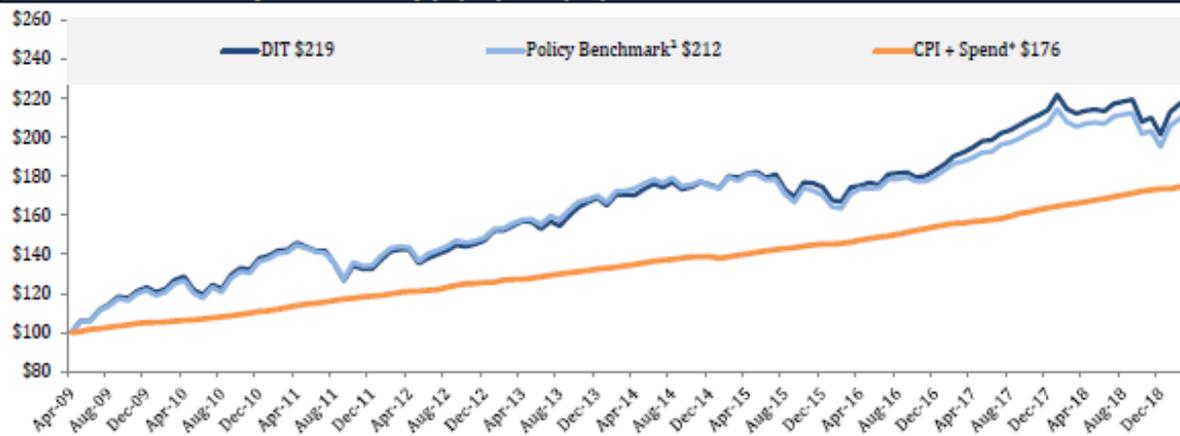
# Portfolio Overview

March 31, 2019

Asset Allocation Detail | As of March 31, 2019



Cumulative Performance (Growth of \$100) | 4/30/09 - 3/31/2019



Past performance is not indicative of future results. Unless otherwise indicated returns are net of all fees and expenses and reflect reinvestment of earnings.

# Portfolio Overview

March 31, 2019

## QTD Performance Drivers as of March 2019

### Positives

+ Strategic Solutions Global Equity (+12.7%) outperformed the MSCI ACWI by 50 basis points for the quarter. U.S. strategies produced positive relative results in the quarter, as two of the largest allocations in the portfolio produced strong returns. Two Sigma led the way, with 222 basis points of outperformance. Their model-driven approach provided positive stock selection in 10 of 11 economic sectors. Adage outperformed by 67 basis points, with retail, health care and technology outperformance.

+ CFI High Quality Bond Fund (+3.3%) outperformed the Bloomberg Barclays U.S. Aggregate Bond Index by 40 basis points for the quarter. Exposure to spread sectors aided return as corporate credit and securitized spreads reversed much of the widening experienced in Q4 2018.

### Negatives

- Global Absolute Alpha Company (+2.5%) underperformed the HFRI FOF Conservative Index by 1.4%. Meant to serve as a diversifying source of uncorrelated return, the low-beta profile hurt during a strong period for equity markets.

## Commonfund Portfolio Positioning and Point-of-View\*

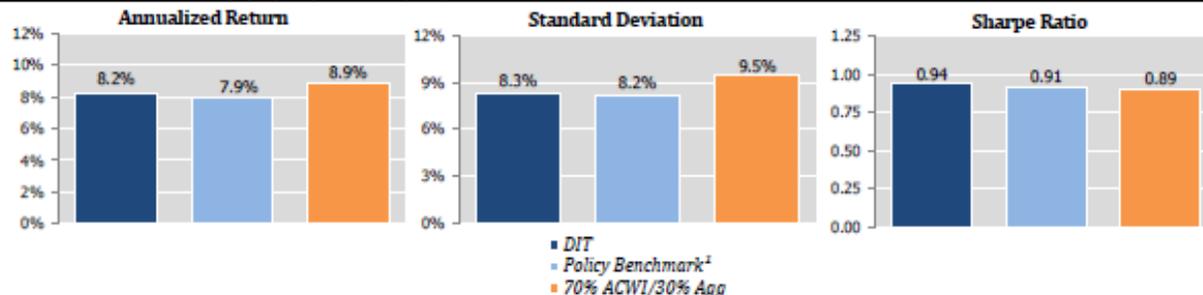
- **Equities (Neutral):** neutral to regional weights relative to MSCI ACWI
- **Fixed Income (underweight):** slight underweight to duration and Treasuries; overweight corporates and mortgages; underweight core bonds by one percent
- **Alternatives (overweight):** neutral to real assets and overweight hedge fund strategies by one percent

\*Commonfund rebalances the portfolio to the point-of-view at quarter-end

## Performance Summary

Fiscal Years (December 31)	DIT Endowment	Policy Benchmark <sup>1</sup>	CPI+Spend*	70/30 ACWI/Agg	Annualized Performance	DIT Endowment	Policy Benchmark <sup>1</sup>	CPI+Spend*	70/30 ACWI/Agg
2018	-5.89%	-5.83%	5.98%	-6.48%	QTD	8.84%	8.69%	1.33%	9.38%
2017	16.87%	15.11%	6.18%	17.50%	1 Year	3.29%	3.23%	5.94%	3.37%
2016	5.00%	5.61%	6.18%	6.42%	3 Years	7.92%	7.43%	6.34%	8.13%
2015	-0.69%	-2.56%	4.63%	-1.30%	5 Years	5.14%	4.21%	5.56%	5.47%
2014	3.89%	2.83%	4.74%	4.77%	Inception	8.24%	7.88%	5.86%	8.88%
2013	14.86%	14.51%	5.59%	14.90%	Inception date: 4/30/2009				
2012	11.09%	10.67%	5.83%	12.65%					
2011	-4.02%	-1.59%	7.09%	-2.68%					
2010	12.16%	12.19%	5.50%	11.31%					

## Risk & Return Summary | 4/30/2009 - 3/31/2019



Past performance is not indicative of future results. Unless otherwise indicated returns are net of all fees and expenses and reflect reinvestment of earnings.

# Portfolio Overview

## Definitions

### Definitions

#### **Standard Deviation**

Statistical measure of the degree to which an individual value in a probability distribution tends to vary from the mean of the distribution; the larger the standard deviation, the greater the degree of dispersion around the average value.

#### **Sharpe Ratio**

Risk-adjusted measure, calculated using standard deviation and excess return to determine reward per unit of risk. The higher the Sharpe ratio, the better a fund's historical risk-adjusted performance. Determined according to the following formula: excess return over 91 day T-Bill divided by portfolio's standard deviation. This is an absolute return risk measure. Higher Sharpe ratios are more attractive than lower Sharpe ratios

#### **Spending Policy**

\*Spend = 1.0% distribution each quarter, which equals approximately 4.06% annually

#### **<sup>1</sup> Policy Benchmark Definition:**

5/1/09 to 6/30/13 S&P 500 17.0; Russell 3000 15.0; Russell 2000 3.0; MSCI World ex U.S. 10.0; MSCI EMF Net 5.0; Bloomberg Barclays U.S. Aggregate Bond Index ("Agg") 12.5; Bloomberg Barclays U.S. Inflation-Linked 2.0; Citigroup World Govt Bond 3.0; 3-Month T-bill 5.0; Bloomberg Commodity Index 5.0; Absolute 11% 5.0; HFRI FoF Conservative 5.0; HFRI Equity Hedge 12.5

7/1/13 to 9/30/2017 MSCI AC World Index Net 55.0; Bloomberg Barclays U.S. Aggregate Bond Index 12.5; Barclays U.S. Inflation-Linked 2.0; Citigroup World Govt Bond 3.0; 3-Month T-bill 5.0; Bloomberg Commodity Index 5.0; HFRI FoF Composite 17.5

10/1/2017 to current MSCI AC World Index Net 58.0; Bloomberg Barclays U.S. Aggregate Bond Index 20.0; 3-Month T-bill 5.0; HFRI FoF Conservative Index 12.0; S&P Global LargeMidcap Commodity Index 5.0

# 2019 Wardens' Conference

## Deed of Trust

Beloved Disciple's  
Caroline Talman

To

The Trustees of the Estate  
and Property of the Diocesan  
Convention of New York

Deed of Trust.

Dated April 15 1891.

This Indenture made the  
fifteenth day of April in the year of our Lord  
one thousand eight hundred and ninety one Between  
Caroline Talman of the City of New York  
party of the first part and "The Trustees of the  
Estate and Property of the Diocesan Convention  
of New York," a corporation created and existing  
under the laws of the State of New York, party  
of the second part

Whereas I have erected a Church edifice  
on Eighty ninth Street near Madison Avenue in the  
City of New York which is called "The Memorial Church  
of the Beloved Disciple," also a Vestry House and  
Rectory for the same as a memorial to my parents  
John H. Talman and Sarah Talman which said  
Church property I have heretofore conveyed to the  
said party of the second part and desiring to



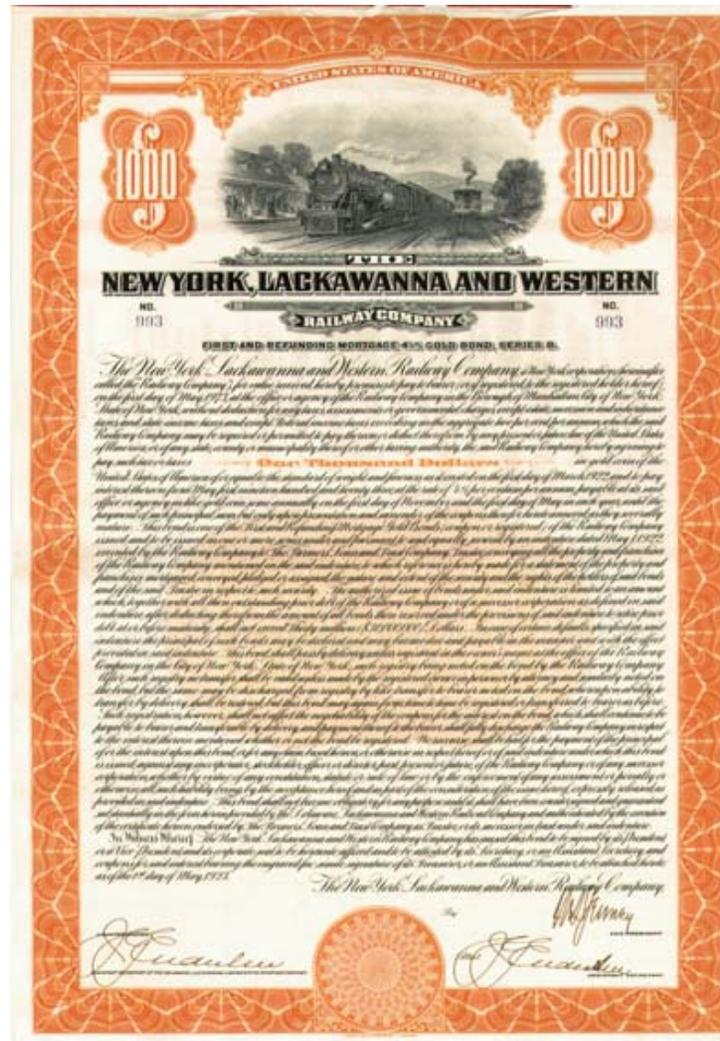
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## Property Indentures | Original Documents



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## New York, Lackawanna and Western Railroad Bond



# Client Review

Diocesan Investment Trust of New York  
Endowment Fund

March 31, 2019

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# Market Value and Performance

March 31, 2019 | Since Inception 4/30/2009

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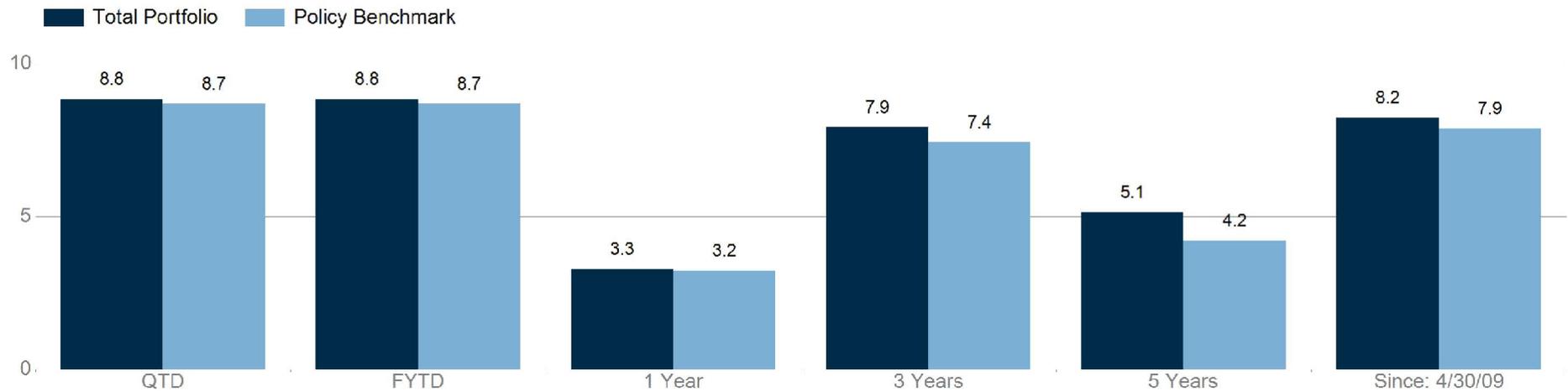
## CHANGE IN MARKET VALUE | Dollars in millions

	QTD	FYTD
Beginning Market Value	\$80.1	\$80.1
Net Transactions	(\$2.0)	(\$2.0)
Net Change in Investment	\$7.1	\$7.1
<b>Ending Market Value</b>	<b>\$85.2</b>	<b>\$85.2</b>

## ASSET ALLOCATION | Numbers in percent



## NET PERFORMANCE | Numbers in percent



Past performance is not indicative of future results. Performance is depicted net of fees.

Please see Composite Scopes and Weightings, Benchmarks, and Important Notes.

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# Market Value and Performance

March 31, 2019 | Since Inception 4/30/2009

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## SUMMARY NET PERFORMANCE | Numbers in percent

	Allocation	QTD	FYTD	1 Year	3 Years	5 Years	10 Years	Since: 4/30/09
<b>Total Portfolio</b>	<b>100</b>	<b>8.8</b>	<b>8.8</b>	<b>3.3</b>	<b>7.9</b>	<b>5.1</b>		<b>8.2</b>
Policy Benchmark		8.7	8.7	3.2	7.4	4.2	8.5	7.9
<b>Relative Performance</b>		<b>0.1</b>	<b>0.1</b>	<b>0.1</b>	<b>0.5</b>	<b>0.9</b>		<b>0.3</b>
<b>Total Equity</b>	<b>59</b>	<b>12.7</b>	<b>12.7</b>	<b>2.4</b>	<b>10.8</b>	<b>6.9</b>		<b>11.2</b>
Weighted Equity Composite		12.2	12.2	2.6	10.7	6.5	12.9	11.8
<b>Relative Performance</b>		<b>0.5</b>	<b>0.5</b>	<b>-0.2</b>	<b>0.1</b>	<b>0.4</b>		<b>-0.6</b>
<b>Total Fixed</b>	<b>23</b>	<b>2.5</b>	<b>2.5</b>	<b>3.9</b>	<b>1.9</b>	<b>1.7</b>		<b>4.0</b>
Weighted Fixed Composite		2.5	2.5	4.0	1.8	2.0	2.8	2.8
<b>Relative Performance</b>		<b>0.0</b>	<b>0.0</b>	<b>-0.1</b>	<b>0.1</b>	<b>-0.3</b>		<b>1.2</b>
Total Marketable Fixed	20	2.4	2.4	3.5	1.6	1.5		3.9
Total Non-Marketable Fixed	2	2.5	2.5	11.6				
<b>Total Alternatives</b>	<b>18</b>	<b>5.2</b>	<b>5.2</b>	<b>4.4</b>	<b>3.9</b>	<b>2.2</b>		<b>3.9</b>
Weighted Alternatives Composite		6.1	6.1	3.1	5.0	0.5	4.0	3.8
<b>Relative Performance</b>		<b>-0.9</b>	<b>-0.9</b>	<b>1.3</b>	<b>-1.1</b>	<b>1.7</b>		<b>0.1</b>

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Please see Composite Scopes and Weightings, Benchmarks, and Important Notes.

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# Asset Allocation and Performance Attribution

March 31, 2019 | Since Inception 4/30/2009

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## ASSET CLASS ALLOCATION | Numbers in percent

	Minimum	Maximum	Target	3/31/2019
Global Equity	40.0	75.0	58.0	59.0
<i>U.S. Equity</i>				32.6
<i>International Equity</i>				18.7
<i>Emerging Markets Equity</i>				7.7
<b>Total Equity</b>	<b>40.0</b>	<b>75.0</b>	<b>58.0</b>	<b>59.0</b>
Cash	4.0	10.0	5.0	5.0
Core Bonds	5.0	25.0	15.0	15.4
Private Credit	0.0	10.0	5.0	2.5
<b>Total Fixed</b>	<b>15.0</b>	<b>40.0</b>	<b>25.0</b>	<b>22.9</b>
Hedge Strategies	0.0	20.0	12.0	13.0
Public Natural Resources	0.0	10.0	5.0	5.0
<b>Total Alternatives</b>	<b>0.0</b>	<b>30.0</b>	<b>17.0</b>	<b>18.1</b>
<b>Asset Class Total</b>			<b>100.0</b>	<b>100.0</b>

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Please see Composite Scopes and Weightings. This document is for institutional use only and redistribution is expressly prohibited.

# Portfolio Risk Metrics

March 31, 2019 | Since Inception 4/30/2009

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## Volatility

Measurement of dispersion of returns.

Standard Deviation	Percent
Portfolio	8.3
Policy Benchmark	8.2
<b>Relative Value</b>	<b>-0.1</b>
<b>Tracking Error</b>	
Portfolio	1.2

## Drawdown

Measurement of performance in negative environments.

Max Drawdown (Historical)	Percent
Portfolio	-13.2
Policy Benchmark	-12.0
<b>Relative Value</b>	<b>-1.2</b>
<b>Calmar Ratio</b>	
Portfolio	0.6
Policy Benchmark	0.7
<b>Relative Value</b>	<b>0.0</b>

## Risk Return

Risk adjusted returns to determine reward per unit of risk.

Sharpe Ratio	
Portfolio	0.9
Policy Benchmark	0.9
<b>Relative Value</b>	<b>0.0</b>
<b>Information Ratio</b>	
Portfolio	0.3
<b>Sortino Ratio</b>	
Portfolio	1.6
Policy Benchmark	1.6
<b>Relative Value</b>	<b>0.0</b>
<b>Up/Down Capture Ratio</b>	
Up Capture	1.0
Down Capture	1.0

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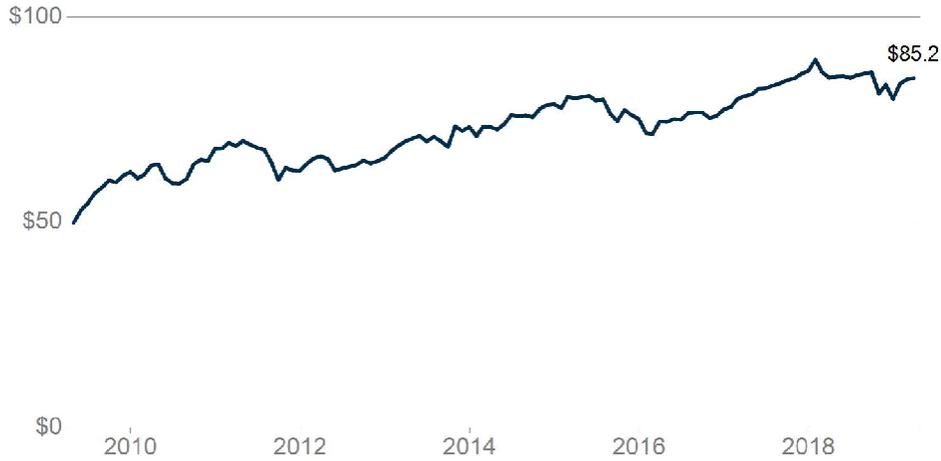
Please see Composite Scopes and Weightings, Benchmarks, Risk Metrics Definitions, and Important Notes. This document is for institutional use only and redistribution is expressly prohibited.

# Market Value Growth, Liquidity and Private Investments

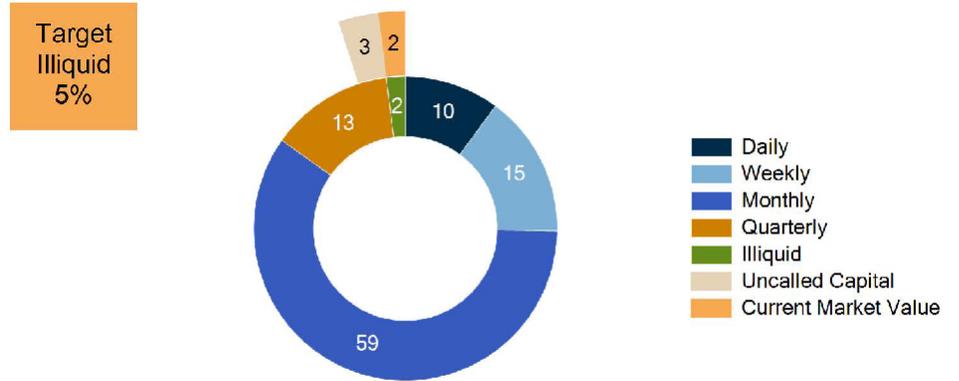
March 31, 2019

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## HISTORICAL MARKET VALUE | Dollars in millions

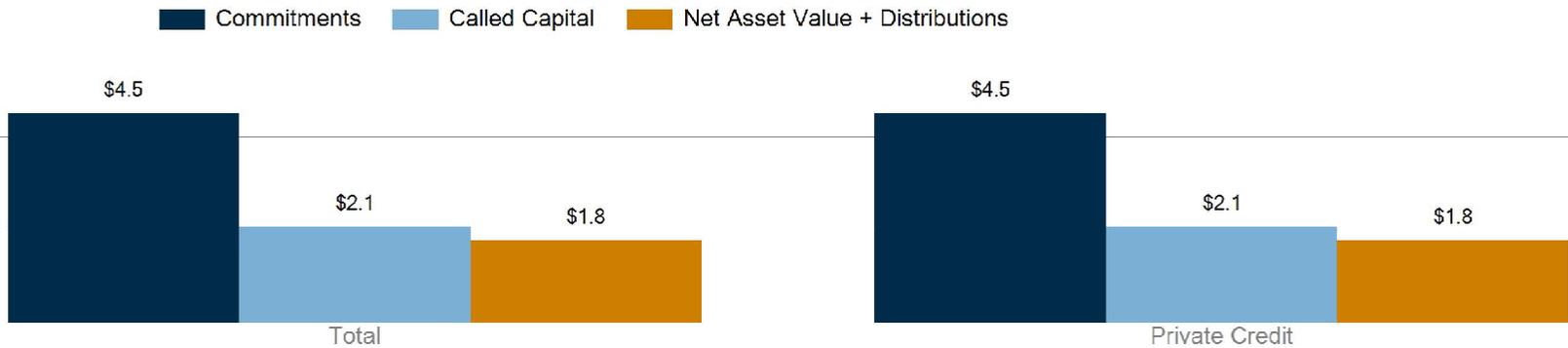


## LIQUIDITY PROFILE | Numbers in percent



May not add to 100% due to rounding

## PRIVATE INVESTMENT SUMMARY | Dollars in millions



<b>IRR (%)*</b>	12.7	12.7
<b>Multiple*</b>	1.2	1.2
<b>Historical Multiple</b>	1.2	1.2

\* Excludes closed programs.

Past performance is not indicative of future results. Performance is depicted net of fees. Performance data is net of all fees and carried interest. Net multiple is total value of invested capital net of the general partner's carried interest = ((Distribution + Ending Capital Balance)/Capital Drawdown). Net annualized Internal Rate of Return (IRR) represents an annualized dollar weighted rate of return on an investment. IRR calculation takes into account the cost of the investment, its current value and any intermediate cash inflows and outflows that occur over time. Please see Investment Process; Composite Scores and Weightings; Benchmarks; Performance; and Important Notes.

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## Composite Scopes and Weightings

**Policy Benchmark:** 5/1/2009 to 6/30/2013 17.0% S&P500 Index; 15.0% Russell 3000; 12.5% Bloomberg Barclays US Aggregate Bond Index; 12.5% HFRI Equity Hedge Index; 10.0% MSCI World ex U.S.; 5.0% MSCI EMF Net; 5.0% 3 Month Tbill; 5.0% Bloomberg Commodity Index; 5.0% Absolute 11%; 5.0% HFRI FOF Conservative Index; 3.0% Russell 2000; 3.0% FTSE World Govt. Bond Index; 2.0% Bloomberg Barclays US Inflation-Linked Index  
7/1/2013 to 9/30/2017 55.0% MSCI AC World Index Net; 17.5% HFRI FOF Composite Index; 12.5% Bloomberg Barclays US Aggregate Bond Index; 5.0% 3 Month Tbill; 5.0% Bloomberg Commodity Index; 3.0% FTSE World Govt. Bond Index; 2.0% Bloomberg Barclays US Inflation-Linked Index  
10/1/2017 to 3/31/2019 58.0% MSCI AC World Index Net; 20.0% Bloomberg Barclays US Aggregate Bond Index; 12.0% HFRI FOF Conservative Index; 5.0% 3 Month Tbill; 5.0% S&PGlobal LargeMidCap Commodity

**Weighted Equity Composite:** 5/1/2009 to 6/30/2013 34.0% S&P500 Index; 30.0% Russell 3000; 20.0% MSCI World ex U.S.; 10.0% MSCI EMF Net; 6.0% Russell 2000  
7/1/2013 to 3/31/2019 100.0% MSCI AC World Index Net

**Weighted Fixed Composite:** 5/1/2009 to 9/30/2017 55.6% Bloomberg Barclays US Aggregate Bond Index; 22.2% 3 Month Tbill; 13.3% FTSE World Govt. Bond Index; 8.9% Bloomberg Barclays US Inflation-Linked Index  
10/1/2017 to 3/31/2019 80.0% Bloomberg Barclays US Aggregate Bond Index; 20.0% 3 Month Tbill

**Weighted Alternatives Composite:** 5/1/2009 to 6/30/2013 45.5% HFRI Equity Hedge Index; 18.2% Bloomberg Commodity Index; 18.2% Absolute 11%; 18.2% HFRI FOF Conservative Index  
7/1/2013 to 9/30/2017 77.8% HFRI FOF Composite Index; 22.2% Bloomberg Commodity Index  
10/1/2017 to 3/31/2019 70.6% HFRI FOF Conservative Index; 29.4% S&PGlobal LargeMidCap Commodity

## Risk Definitions:

**Up Capture:** A ratio used to measure how well a manager was able to perform in an environment characterized by positive benchmark returns. It is equal to the investment's compounded return when the benchmark was positive divided by the benchmark's compounded return when the benchmark was positive. Higher percentages of up capture are more attractive than lower percentages.

**Down Capture:** A ratio used to measure how well a manager was able to perform in an environment characterized by negative benchmark returns. It is equal to the investment's compounded return when the benchmark was negative divided by the benchmark's compounded return when the benchmark was negative. Lower percentages of down capture are more attractive than higher percentages.

**Sharpe Ratio:** A risk-adjusted measure, calculated using standard deviation and excess return to determine reward per unit of risk. The higher the Sharpe ratio, the better a fund's historical risk-adjusted performance. Determined according to the following formula: excess return over 91 day T-Bill divided by portfolio's standard deviation. This is an absolute return risk measure. Higher Sharpe ratios are more attractive than lower Sharpe ratios.

**Information Ratio:** Portfolio's excess return over benchmark divided by standard deviation of excess return. Higher information ratios are more attractive than lower information ratios.

**Sortino Ratio:** A ratio used to measure risk-adjusted return (like Sharpe and Calmar Ratios), with the risk metric being downside deviation. Determined according to the following formula: (Annualized Return - Risk Free Rate) divided by Downside Deviation. This is an absolute return risk measure. Higher Sortino ratios are more attractive than lower Sortino ratios.

**Calmar Ratio:** A ratio used to measure risk-adjusted return (like Sharpe and Sortino Ratios) with the risk metric being the maximum drawdown. Determined according to this formula: (Annualized Return - Risk Free Rate) divided by Maximum Drawdown. This is an absolute return risk measure. Higher Calmar ratios are more attractive than lower Calmar ratios.

**Maximum Drawdown:** A measure of the maximum loss from a peak to a trough of the portfolio, before a new peak is attained. Maximum Drawdown is an indicator of downside risk over a specified time period.

**Tracking Error (or Active Risk):** A measure of the divergence between the portfolio's returns and corresponding benchmark. Tracking error is reported as a standard deviation percentage difference.

## Performance Attribution:

Commonfund calculates attribution using The Arithmetic Model (commonly referred to as the Brinson, Hood and Beebower method), to explain excess performance by three different components:

Asset Allocation Effect + Selection Effect + Interaction Effect = Excess Performance over the Policy Benchmark

The **Allocation Effect** determines whether the overweighting or underweighting of segments relative to a benchmark contributes positively or negatively to the overall portfolio return.

The **Selection Effect** measures the ability to select investments within a given segment relative to a benchmark. The over or underperformance of the portfolio is weighted by the benchmark weight, therefore, selection is not affected by the allocation to the segment.

The **Interaction Effect** measures the combined impact of an investment manager's selection and allocation decisions within a segment.

The excess performance is essentially equal to the sum of these three attribution effects.

## GENERALLY

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