

# 2018 Wardens' Conference

Diocesan Investment Trust of New York

May 5, 2018

**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 141 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.

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**NOTICE OF ANNUAL SHAREHOLDERS' INFORMATIONAL MEETING**

The Annual Informational Meeting for shareholders of the Diocesan Investment Trust will be held, **Wednesday May 16, 2018**, from 12-12:45PM at

**Andrew Hall  
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 7, 2018.

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

Michele Kearney  
Executive Director  
Diocesan Investment Trust  
Of the Diocese of New York

February 12, 2018

**THE TRUSTEES OF THE ESTATE AND PROPERTY  
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***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

**Strategic Solutions Overview**

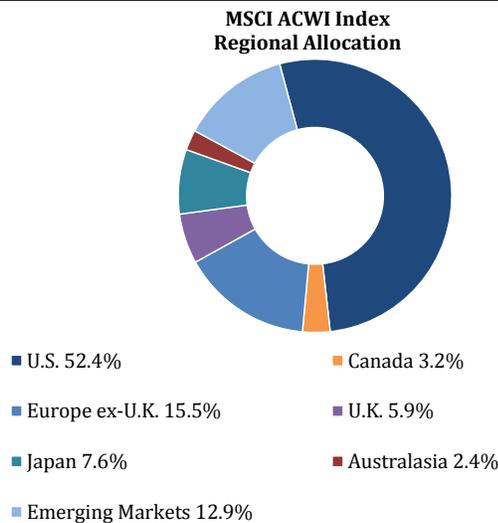
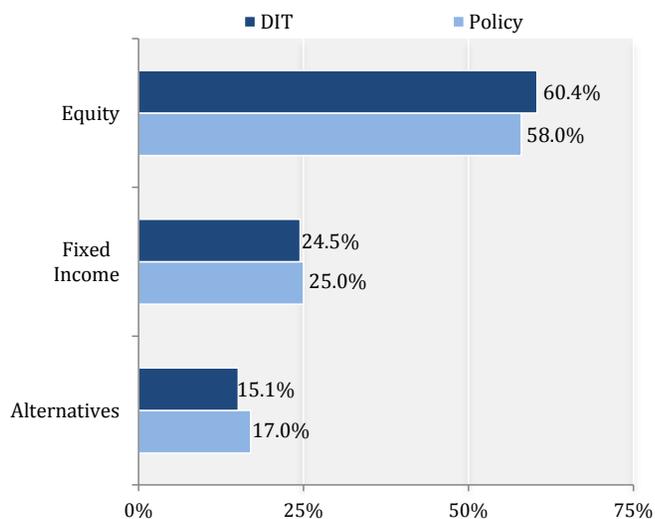
Since 2009, The Diocesan Investment Trust of New York ("DIT") has been managed by the Commonfund Strategic Solutions Group. This comprehensive investment management program provides investment management advisory, and middle office services to clients. It is a collaborative approach, encompassing all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

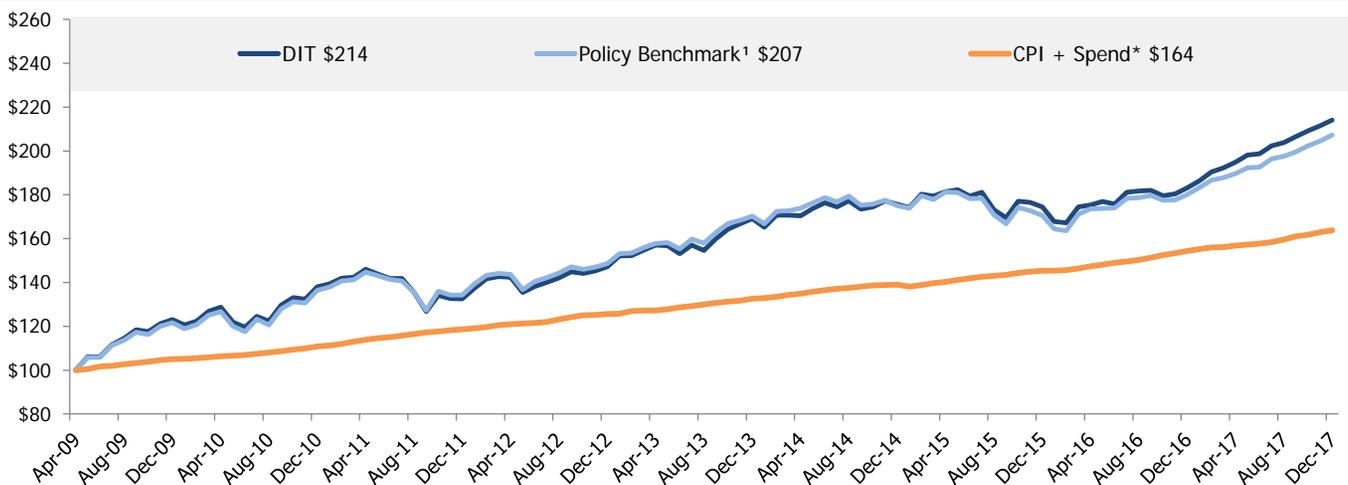
The main objective of DIT is to achieve growth in principal value (spending) over time sufficient to preserve or increase purchasing power, thus protecting against inflation. DIT invests in a diversified portfolio of strategies inclusive of traditional and non-traditional (alternative) investments through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

As of December 31, 2017 Strategic Solutions managed roughly \$8.5 billion for 59 non-profit clients.

**Asset Allocation Detail | As of December 31, 2017**



**Cumulative Performance (Growth of \$100) | 4/30/09 - 12/31/2017**



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

**CYTD Performance Drivers as of December 2017**
**Positives**

- + For the calendar year, the Strategic Solutions Global Equity fund returned 25.7 percent, 1.7 percent ahead of the MSCI ACWI, led by active U.S. managers (+2.9 percent vs. S&P 500). The U.S. risk-premia strategies were the top performers as Capstone and Martingale outpaced the S&P 500 by 9.0 and 3.9 percent, respectively. The global orientation continued to be additive as non-U.S. markets (MSCI ACWI ex-U.S.) outpaced the U.S. (S&P 500) by 5.4 percent for the year.
- + High Quality Bond Fund returned 4.6 percent, 1.1 percent ahead of the Bloomberg Barclays Capital U.S. Aggregate Bond Index. Outperformance was led by an overweight to spread sectors as most subsectors of the Bloomberg Barclays U.S. Aggregate Bond Index outperformed duration adjusted Treasuries. Conversely, mildly defensive duration positioning relative to the benchmark detracted from return as longer-dated securities generally outperformed.

**Negatives**

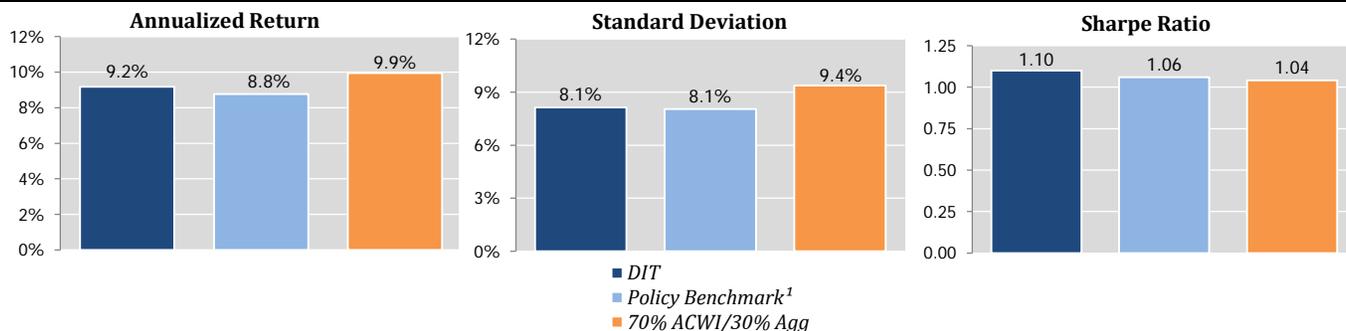
- For the year, Global Absolute Alpha Company (GAAC) underperformed its T+400 bps benchmark by 3.5 percent. The two primary reasons for the underwhelming returns were: 1) poor performance from higher volatility discretionary macro managers, and 2) a historically low volatility environment, which universally reduced the opportunity set for all active traders.

**Commonfund Portfolio Positioning**

- **Equities (Overweight):** overweight 2% - 3%; neutral regional weights relative to MSCI ACWI
- **Fixed Income (Neutral):** underweight duration and Treasuries; underweight high yield and distressed and overweight mortgages
- **Alternatives (Neutral / Slight Underweight):** underweight real assets and neutral hedge fund strategies

**Performance Summary**

Fiscal Years (December 31)	DIT Endowment	Policy Benchmark	CPI+Spend*	70/30 ACWI/Agg	Annualized Performance	DIT Endowment	Policy Benchmark	CPI+Spend*	70/30 ACWI/Agg
2016	5.00%	5.61%	6.18%	6.42%	QTD	3.65%	3.88%	1.71%	4.11%
2015	-0.69%	-2.56%	4.63%	-1.30%	1 Year	16.87%	15.08%	6.18%	17.50%
2014	3.89%	2.83%	4.74%	4.77%	3 Years	6.81%	5.80%	5.66%	7.27%
2013	14.86%	14.51%	5.59%	14.90%	5 Years	7.78%	6.88%	5.46%	8.24%
2012	11.09%	10.67%	5.83%	12.65%	Inception	9.18%	8.77%	5.86%	9.94%
2011	-4.02%	-1.59%	7.09%	-2.68%	Inception date: 4/30/2009				
2010	12.16%	12.19%	5.50%	11.31%					

**Risk & Return Summary | 4/30/2009 - 12/31/2017**

**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>†</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 Capital U.S. Aggregate Bond Index ("Agg") 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; 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 Capital U.S. Agg 12.5; Barclays U.S. Inflation-Linked 2.0; Citigroup World Govt Bond 3.0; 3-Mont 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 Capital U.S. Agg 20.0; 3-Mont T-bill 5.0; HFRI FOF Conservative Index 12.0%; S&P Global Large Midcap Commodity Index 5.0%

## Important Notes

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