



# Diocesan Investment Trust

OF THE DIOCESE OF NEW YORK

## 73rd Annual Report

The DIT Fund

2015

# **DIOCESAN INVESTMENT TRUST**

## **THE DIT FUND**

### **TRUSTEES**

The Rt. Rev. Andrew M. L. Dietsche, Bishop of New York, *ex officio*  
Sr. Faith Margaret, CHS, Treasurer of the Diocese, *ex officio*  
Jesse D. Adelaar, St. Thomas' Church, Manhattan  
John B. Gilliland, St. Bartholomew's Church, Manhattan  
Morihiro Goto, St. Bartholomew's Church, Manhattan  
Adam C. Morrow, The Society of the Free Church of St Mary the Virgin, Manhattan  
John B. Trammell, St. James' Church, Manhattan  
Melinda G. Weir, Grace Church, Manhattan  
Craig M. Willey, St. James' Church, Manhattan

### **OFFICERS**

*Chairman, ex officio*, The Rt. Rev. Andrew M. L. Dietsche, Bishop of New York  
*President*, Craig M. Willey  
*Vice-President*, John B. Trammell  
*Secretary*, Jesse D. Adelaar  
*Treasurer*, John B. Trammell  
*Assistant Treasurer*, Michele Kearney

### **EXECUTIVE COMMITTEE**

Craig M. Willey, *President, ex officio*  
John B. Trammell, *Treasurer & Vice President, ex officio*  
Sr. Faith Margaret, CHS, *Diocesan Treasurer, ex officio*  
Jesse D. Adelaar, *Secretary, ex officio*  
Melinda G. Weir, *Investment Chair*

### **INVESTMENT ADVISOR**

Commonfund Strategic Solutions

### **CUSTODIAN AND DISBURSING AGENT**

Fiduciary Trust Company International

### **AUDITORS**

PKF O'Connor Davies

### **COUNSEL**

Hughes Hubbard and Reed, LLP

### **BUSINESS OFFICE**

Michele Kearney, *Executive Director*  
1047 Amsterdam Avenue  
New York NY 10025-1798  
Telephone: 212-932-7312 Facsimile: 212- 932-7328  
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**THE TRUSTEES OF THE ESTATE AND PROPERTY  
OF THE DIOCESAN CONVENTION OF NEW YORK**

***Diocesan Investment Trust***

1047 Amsterdam Avenue  
New York, NY 10025

To All DIT Shareholders:

The Diocesan Investment Trust, or DIT, was established in 1943 by the Trustees of the Estate and Property of the Diocesan Convention of New York (“TEP”) to provide investments for the TEP and other entities within the Diocese. In 2005 the DIT established the Parish Endowment Management Service, or “PEMS”, to assist parishes with the management of their long-term assets. The TEP was established by Diocesan Convention in 1877 and acts as trustee to over one-hundred trusts; beneficiaries include individual congregations and related entities throughout the Diocese.

In accord with its mandate the DIT engaged the Strategic Solutions Group at Commonfund in April, 2009, to assist the Trustees in providing prudent, institutional grade investment management and endowment services to the TEP, parishes and other institutions within the Episcopal Diocese of New York. As of December 31<sup>st</sup>, 2015, the DIT oversaw \$74.6 million on behalf of more than 212 trusts and entities throughout the Diocese. In February of 2015 the Trustees began an Asset Manager review process which included the Commonfund along with nine other industry peers. The process was completed in November 2015 and the Trustees have concluded the Commonfund will remain the Asset Manager for the DIT Fund.

Of the \$74.6 million, \$30.0 million (40%) represented various trust accounts (TEP), \$30.6 million (41%) voluntary investments by parishes and institutions throughout the Diocese, and \$14.0 million (19%) was invested on behalf parishes in the PEMS program. During the year investors subscribed nearly \$2.6 million for new shares in The DIT Fund and redeemed \$2.9 million to satisfy various operating and other needs, including automated quarterly distributions under the PEMS program of approximately \$712,000.

The DIT Fund finished the year at -0.7%, and the custom blended policy benchmark return was -2.6%. Annualized performance measured from the inception of our relationship with Commonfund (April, 2009) through December 31<sup>st</sup>, 2015, was 8.7%, in line with the custom blended policy benchmark return of 8.3%. These performance figures are net of all fees paid to Commonfund but do not reflect the deduction of DIT administrative expenses of approximately 0.2% (annualized), which include the cost of processing redemption and subscription requests, custody, an annual audit, and the salary of our executive director.

The endowment's strong relative performance in 2015 (-0.7% vs. -2.6% for the Policy Benchmark) was largely driven by positive absolute performance from the portfolio's alternative investments relative to a -6% return for the Weighted Alternatives Composite. This outperformance was primarily attributable to the portfolio's significant underweight to commodities, as the Bloomberg Commodities Index declined -24.7% for the year. The portfolio also had strong performance from its hedge fund investments, which provided diversification and downside protection relative to volatile public markets. The portfolio's overweight to equity detracted from return as global equities underperformed hedge funds and fixed income. However, within the active equity portfolio, strong active management, particularly in the U.S. and Japan, contributed to sizeable outperformance (+1.1%) versus the MSCI ACWI. In fixed income, global bonds had poor performance driven by underweight exposure to foreign currencies, particularly the yen, and underweight duration positioning; these effects were most pronounced during the third quarter when risk assets broadly declined, resulting in “flight to safety” gains for Treasuries and the yen. On the positive side, yield curve positioning and an overweight to mortgages contributed to return, partially offsetting losses on global bonds.

Investment allocation was managed within limits prescribed by the Trustees. At year end, capital entrusted to the DIT was allocated 58.2% to stocks, 23.0% to bonds & cash, and 18.7% to liquid alternatives (primarily hedge fund managers).

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

April 26, 2016

*Established September 27, 1877*

**Diocesan Investment Trust  
of the Diocese of New York**

Financial Statements

December 31, 2015



## Independent Auditors' Report

### **Trustees of the Estate and Property of the Diocesan Convention of New York as Trustees for the Diocesan Investment Trust of the Diocese of New York**

We have audited the accompanying financial statements of the Diocesan Investment Trust of the Diocese of New York (the "Trust"), consisting of the Diocesan Investment Trust of the Diocese of New York ("DIT Fund"), which comprise the statement of assets and liabilities, including the schedule of investments, as of December 31, 2015, and the related statements of operations, changes in net assets and cash flows for the year then ended, and the related notes to the financial statements.

#### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Diocesan Investment Trust of the Diocese of New York as of December 31, 2015, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

*PKF O'Connor Davies, LLP*

New York, New York  
May 11, 2016

**Diocesan Investment Trust  
of the Diocese of New York**

Statement of Assets and Liabilities  
December 31, 2015

**ASSETS**

Investments, at fair value (cost \$65,012,171)	\$ 75,195,429
Receivable from brokers and custodian	256,878
Cash on deposit with custodian	88
Receivable for investor subscriptions	531,383
Total Assets	<u>\$ 75,983,778</u>

**LIABILITES**

Payable to brokers and custodian	250,000
Accrued liabilities	36,736
Payable for investor redemptions	297,800
Dividend distributions payable to shareholders	748,092
Total Liabilities	<u>1,332,628</u>

**NET ASSETS**

\$ 74,651,150

See notes to financial statements

**Diocesan Investment Trust  
of the Diocese of New York**

Schedule of Investments  
December 31, 2015

Shares	Description/Geography	Percent of Net Assets	Fair Value
<b>Equity Funds</b>			
3,098,338	Commonfund Strategic Solutions Global Equity, LLC (United States)	56%	\$ 41,461,624
165,594	Commonfund Strategic Solutions Equity Fund, LLC (United States)	4%	3,104,702
119,452	Commonfund Institutional Small Cap Fund, LLC (United States)	3%	<u>2,328,499</u>
	Total Equity Funds (cost \$36,791,649)	63%	<u>46,894,825</u>
<b>Fixed Income Funds</b>			
757,673	Commonfund Institutional High Quality Bond Fund, LLC (United States)	11%	7,920,097
65,648	SSgA U.S. Treasury Inflation Protected Securities (TIPS) Index Non-Lending QP Common Trust Fund (United States)	1%	885,323
379,362	Commonfund Contingent Asset Portfolio, LLC (United States)	5%	3,750,294
114,314	Commonfund Institutional Global Bond Fund, LLC (United States)	1%	<u>1,083,107</u>
	Total Fixed Income Funds (cost \$13,916,566)	18%	<u>13,638,821</u>
<b>Commodity Investment Funds</b>			
172,720	Commonfund Institutional Multi-Strategy Commodities Fund, Ltd. (Cayman Islands)	1%	<u>976,571</u>
	Total Commodity Investment Funds (cost \$1,357,456)	1%	<u>976,571</u>
<b>Alternative Investment Funds</b>			
247,390	Commonfund Strategic Solutions Diversifying Company (Cayman Islands)	4%	2,626,739
172,304	Commonfund Alpha Port Segregated Portfolio Company (Cayman Islands)	3%	2,018,652
194,824	Commonfund Equity Market Neutral Segregated Portfolio Company (Cayman Islands)	3%	2,085,184
294,062	Commonfund Strategic Solutions Relative Value & Event Driven (Cayman Islands)	4%	<u>3,284,549</u>
	Total Alternative Investment Funds (cost \$9,276,412)	14%	<u>10,015,124</u>
	Total Investments (cost \$61,342,083)	96%	<u>71,525,341</u>
<b>Temporary Investments</b>			
	Cash Awaiting Transfer (cost \$250,000)	0%	250,000
	Fiduciary Trust Company International Short Term Investment Pool U.S. Treasury (cost \$3,420,088)	5%	<u>3,420,088</u>
	Total Cash and Cash Equivalents (cost \$3,670,088)	5%	<u>3,670,088</u>
	Total Investments (cost \$65,012,171)	101%	75,195,429
	Other Assets and Liabilities, Net	-1%	<u>(544,279)</u>
	Net Assets		<u><u>\$ 74,651,150</u></u>

See notes to financial statements

**Diocesan Investment Trust  
of the Diocese of New York**

Statement of Operations  
Year Ended December 31, 2015

**INVESTMENT INCOME**

Interest and dividends	<u>\$ 1,129,800</u>
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**EXPENSES**

Administrative fees	137,847
Advisory fees	120,175
Professional fees	27,100
Custodian fees	4,965
Other expenses	689
Total Expenses	<u>290,776</u>
Net Investment Income	839,024

**NET REALIZED AND  
UNREALIZED GAINS (LOSS) ON INVESTMENTS**

Net realized gains from security transactions	
Proceeds from sales	14,262,721
Cost of securities sold	<u>(13,320,795)</u>
Net Realized Gain on Investments	941,926
Net decrease in unrealized appreciation on investments	<u>(2,466,938)</u>
Net Realized and Unrealized Gain on Investments	<u>(1,525,012)</u>
Net decrease in Net Assets Resulting from Operations	<u><u>\$ (685,988)</u></u>

See notes to financial statements

**Diocesan Investment Trust  
of the Diocese of New York**

Statement of Changes in Net Assets  
Year Ended December 31, 2015

<b>FROM OPERATIONS AND DIVIDEND DISTRIBUTIONS</b>	
Net investment income	\$ 839,024
Net realized gain on investments	941,926
Net decrease in unrealized appreciation on investments	<u>(2,466,938)</u>
Net decrease in Net Assets Resulting from Operations	(685,988)
Dividend distributions to shareholders	<u>(2,938,887)</u>
Net Change in Net Assets Derived from Operations and Dividend Distributions to Shareholders	<u>(3,624,875)</u>
 <b>FROM TRANSACTIONS IN SHARES OF BENEFICIAL INTEREST</b>	
Proceeds received from subscriptions to shares of beneficial interest	2,609,271
Amounts paid on redemption of shares of beneficial interest	<u>(2,885,455)</u>
Change in Net Assets Derived From Transactions in Shares of Beneficial Interest	<u>(276,184)</u>
Net Change in Net Assets	(3,901,059)
 <b>NET ASSETS</b>	
Beginning of year	<u>78,552,209</u>
End of year	<u><u>\$ 74,651,150</u></u>

See notes to financial statements

**Diocesan Investment Trust  
of the Diocese of New York**

Statement of Cash Flows  
Year Ended December 31, 2015

**CASH FLOWS FROM OPERATING ACTIVITIES**

Net decrease in net assets resulting from operations	<u>\$ (685,988)</u>
Adjustments to reconcile net increase in net assets resulting from operations to net cash from operating activities	
Purchase of investments	(12,156,075)
Sale of investments	14,262,721
Net decrease in unrealized appreciation on investments	2,466,938
Net realized gain on investments	(941,926)
Change in Operating Assets and Liabilities	
Receivable from brokers and custodian	1,227,471
Receivable for investor subscriptions	201,202
Payable to brokers and custodian	(1,227,000)
Accrued liabilities	(1,501)
Payable for investor redemptions	27,562
Dividend distributions payable to shareholders	41,442
Net Cash from Operating Activities	<u>3,214,846</u>

**CASH FLOWS FROM FINANCING ACTIVITIES**

Proceeds received from subscriptions to shares of beneficial interest	2,609,271
Amounts paid on redemption of shares of beneficial interest	(2,885,455)
Dividend distributions to shareholders	<u>(2,938,887)</u>
Net Cash from Financing Activities	<u>(3,215,071)</u>
Net Change in Cash and Cash Equivalents	(225)

**CASH AND CASH EQUIVALENTS**

Beginning of year	<u>313</u>
End of year	<u><u>\$ 88</u></u>

See notes to financial statements

**Diocesan Investment Trust  
of the Diocese of New York**

Notes to Financial Statements  
December 31, 2015

**1. Organization**

The Trustees of the Estate and Property of the Diocesan Convention of New York, (the "TEP") is a tax-exempt corporation established in 1877 by distinguished Episcopal laymen, at the direction of the Diocesan Convention, to receive and hold property for churches, institutions, and endowments of the Diocese. The TEP established the Diocesan Investment Trust of the Diocese of New York (the "Trust").

The investment guidelines of the Trust reflect the broad investment allocation opportunities of The Commonfund for Nonprofit Organizations and its Affiliated Subsidiaries.

**2. Summary of Significant Accounting Policies**

***Basis of Accounting***

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("US GAAP").

***Use of Estimates***

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

***Fair Value Measurements***

The Trust follows Financial Accounting Standards Board (FASB) guidance on *Fair Value Measurements* which defines fair value and establishes a fair value hierarchy organized into three levels based upon the input assumptions used in pricing assets. Level 1 inputs have the highest reliability and are related to assets with unadjusted quoted prices in active markets. Level 2 inputs relate to assets with other than quoted prices in active markets which may include quoted prices for similar assets or liabilities or other inputs which can be corroborated by observable market data. Level 3 inputs are unobservable inputs and are used to the extent that observable inputs do not exist.

**Diocesan Investment Trust  
of the Diocese of New York**

Notes to Financial Statements  
December 31, 2015

**2. Summary of Significant Accounting Policies (continued)**

***Investments Valuation***

Investments are carried at fair value. The fair value of equity, fixed income, commodity investment and alternative investment funds have been estimated using the Net Asset Value ("NAV") as reported by the management of the respective funds. FASB guidance provides for the use of NAV as a "Practical Expedient" for estimating fair value of funds. NAV reported by each fund is used as a practical expedient to estimate the fair value of the Trust's interest therein and their classification within Level 2 or 3 is based on the Trust's ability to redeem its interest in the near term.

***Investment Income Recognition***

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis and dividends are recorded on the ex-dividend date. Realized and unrealized gains and losses are included in the determination of the change in net assets.

***Cash and Cash Equivalents***

The Trust considers all highly liquid financial instruments with a maturity of three months or less at the time of purchase to be cash equivalents.

***Distributions to Shareholders***

Shareholders receive quarterly dividend distributions. Distributions are declared for Shareholders of record on the 10<sup>th</sup> day of the last month of a quarter and are calculated based on 1% of the average market value of the DIT Fund's previous twelve quarters.

***Accounting for Uncertainty in Income Taxes***

The Trust is a tax-exempt corporation; however, the Trust recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. Management has determined that the Trust had no uncertain tax positions that would require financial statement disclosure or recognition. The Trust is subject to U.S. federal, state or local income tax audits.

***Receivable from Broker***

Amounts due from brokers may be restricted to the extent that they serve as deposits for securities sold short. In the normal course of business, substantially all of the DIT Fund's securities transactions, money balances and security positions are transacted with the DIT Fund's broker. The DIT Fund is subject to credit risk to the extent any broker with which it conducts business is unable to fulfill contractual obligations on its behalf. The DIT Fund's management monitors the financial condition of such brokers and does not anticipate any losses from these counterparties.

**Diocesan Investment Trust  
of the Diocese of New York**

Notes to Financial Statements  
December 31, 2015

**2. Summary of Significant Accounting Policies (continued)**

***Subsequent Events Evaluation by Management***

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is May 11, 2016.

**3. Investment Activity**

Purchases and sales of individual investments by the DIT Fund, other than short-term investments and gross unrealized gains and losses for the year ended December 31, 2015 consists of the following:

Purchases	12,156,075
Sales	(14,262,721)
Unrealized Gains	10,887,926
Unrealized Losses	(704,668)

**4. Investment Risks and Uncertainties**

Alternative Investment Funds consist of non-traditional, not readily marketable investments, some of which may be structured as offshore limited partnerships, venture capital funds, hedge funds, private equity funds and common trust funds. The underlying investments of such funds, whether invested in stocks or other securities, are generally not currently traded in a public market and typically are subject to restrictions on resale. Values determined by investment managers and general partners of underlying securities that are thinly traded or not traded in an active market may be based on historical cost, appraisals, a review of the investees' financial results, financial condition and prospects, together with comparisons to similar companies for which quoted market prices are available or other estimates that require varying degrees of judgment.

Investments are carried at fair value. Because of the inherent uncertainty of valuations, the estimated fair values may differ significantly from the values that would have been used had a ready market for such investments existed or had such investments been liquidated, and those differences could be material.

At December 31, 2015, two individual investments represented approximately 56% and 11% of net assets.

**Diocesan Investment Trust  
of the Diocese of New York**

Notes to Financial Statements  
December 31, 2015

**5. Fair Value of Investments**

The following are the classes of investments at December 31, 2015 grouped by the fair value hierarchy for those investments measured at fair value on a recurring basis:

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)	Total
Mutual Funds				
Equity Funds	\$ -	\$ 46,894,825	\$ -	\$ 46,894,825
Fixed Income Funds	-	13,638,821	-	13,638,821
Commodity Investment Funds	-	976,571	-	976,571
Alternative Investment Funds	-	-	10,015,124	10,015,124
Temporary Investments				
U.S. Treasury	<u>3,670,088</u>	<u>-</u>	<u>-</u>	<u>3,670,088</u>
	<u>\$ 3,670,088</u>	<u>\$ 61,510,217</u>	<u>\$ 10,015,124</u>	<u>\$ 75,195,429</u>

There were no transfers into and out of any level of the fair value hierarchy for assets measured at fair value for the year ended December 31, 2015.

The following is a reconciliation of the beginning and ending balances for Level 3 investments during the year ended December 31, 2015:

	<u>Mutual Funds Alternative Investment Funds</u>
Beginning balance	\$ 11,020,612
Change in Unrealized gains/(losses)	(26,317)
Total realized gains/(losses)	220,829
Purchases	825,000
Settlements	<u>(2,025,000)</u>
Ending balance	<u>\$ 10,015,124</u>

**Diocesan Investment Trust  
of the Diocese of New York**

Notes to Financial Statements  
December 31, 2015

**5. Fair Value of Investments (continued)**

Information regarding investments, including alternatives, valued at NAV using the practical expedient at December 31, 2015 is as follows:

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Equity Funds (a)	\$ 46,894,825	\$ -	Weekly, Monthly	5 days
Fixed Income Funds (b)	13,638,821	-	Daily, Weekly, Monthly	1 - 5 days
Commodity Investment Fund (c)	976,571	-	Monthly	5 days
Alternative Investment Funds (d)	10,015,124	-	Quarterly, Annually	65 - 95 days
Total	<u>\$ 71,525,341</u>	<u>\$ -</u>		

- a. Investments in funds that invest both long and short primarily in U.S. common stocks, partnerships and other Commonfund managed funds.
- b. Investments in funds that invest primarily in dollar-denominated investment grade bonds, inflation-indexed securities, sovereign bonds and other fixed income securities.
- c. Investments that pursue a multi-strategy approach to investing in the commodities markets, which include futures, options on futures and forward contracts on exchange traded agriculture goods, metals, minerals, energy products and foreign currencies.
- d. Investments in funds that invest both long and short, primarily in global markets including but not limited to equity, currencies and fixed income. The fair values of the investments in this category have been estimated using level 3 inputs that are unobservable inputs and are used to the extent that observable inputs do not exist, such as the net asset value per share of the investments.

**6. Advisory Fees**

The Commonfund for Nonprofit Organizations and its Affiliated Subsidiaries (the "Commonfund") provide investment management and advisory services for the Trust using their Strategic Solutions program. The Commonfund charges administrative and management advisory fees to individual mutual funds held by the Trust at the fund level and include these costs in the computation of net asset value. Certain other Commonfund funds charge management advisory fees to the Trust directly by redeeming shares or interests in the respective Commonfund fund for the applicable month or quarter-end period. These direct charges are recorded as advisory fees and exclude administrative and management advisory fees computed as part of the net asset value of Commonfund mutual funds.

**Diocesan Investment Trust  
of the Diocese of New York**

Notes to Financial Statements  
December 31, 2015

**7. Dividend Distributions Payable to Shareholders**

The Trust declared a dividend per share of \$1.3485 as of December 10, 2015. The dividends were paid on January 15, 2016, to shareholders of record on December 10, 2015.

In addition, the Trust declared a dividend per share of \$1.3515 as of March 10, 2016. The dividends were paid on April 15, 2016, to shareholders of record on March 10, 2015.

**8. Capital Share Transactions and Undistributed Net Beneficial Interest**

Each investor owns a beneficial interest in the DIT Fund as represented by shares of equal interest in the DIT Fund, each representing an undivided proportionate interest in all of the assets and liabilities of the DIT Fund. Transactions in shares of beneficial interest were as follows for the Trust:

Shares of beneficial interest, Beginning January 1, 2015	558,535
Shares subscribed	18,865
Shares redeemed	<u>(20,904)</u>
Shares of beneficial interest, Ending December 31, 2015	<u>556,496</u>

**9. Related Party Transactions**

The TEP invests directly in the DIT Fund, and through the Parish Endowment Management Service (PEMS) program. PEMS allows the TEP to retain, invest, reinvest and disburse the endowment funds for each church under investment management contracts. Each PEMS unit issued to a parish represents a percentage beneficial ownership interest in the DIT Fund. Other parishes also invest directly in the funds of the Trust.

	<u>Shares Owned</u>	<u>Cost of Shares</u>	<u>Market Value of Shares</u>
TEP	223,325.423	\$ 17,958,643	\$ 29,957,981
PEMS	104,630.838	13,582,796	14,035,700
Other Parishes	228,539.840	27,317,157	30,657,469
Total	<u>556,496.101</u>	<u>\$ 58,858,596</u>	<u>\$ 74,651,150</u>

**Diocesan Investment Trust  
of the Diocese of New York**

Notes to Financial Statements  
December 31, 2015

**10. Financial Highlights**

Financial highlights for the year ended December 31, 2015 are as follows:

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Per Share Operating Performance:					
Net asset value, Beginning of year	\$ 140.640	\$ 140.712	\$ 127.410	\$ 119.574	\$ 130.176
Income from investment operations:					
Net investment income	1.500	1.450	1.283	1.251	1.583
Net realized and unrealized gain (loss) on investments	<u>(2.735)</u>	<u>3.653</u>	<u>17.065</u>	<u>11.594</u>	<u>(7.291)</u>
Total from Investment Operations	139.405	145.815	145.758	132.419	124.468
Less distributions to shareholders	<u>(5.260)</u>	<u>(5.175)</u>	<u>(5.046)</u>	<u>(5.009)</u>	<u>(4.894)</u>
Net Asset Value, End of year	<u>\$ 134.145</u>	<u>\$ 140.640</u>	<u>\$ 140.712</u>	<u>\$ 127.410</u>	<u>\$ 119.574</u>
 Total Return	<u>-0.90%</u>	<u>3.66%</u>	<u>14.65%</u>	<u>10.86%</u>	<u>-4.48%</u>
Ratios and Supplemental Data:					
Net assets, End of year, rounded (\$ thousands)	<u>\$ 74,651</u>	<u>\$ 78,552</u>	<u>\$ 72,653</u>	<u>\$ 65,268</u>	<u>\$ 62,017</u>
Ratio of expenses to average net assets:					
Investment advisory fees	0.154%	0.165%	0.168%	0.177%	0.175%
Other administrative costs	<u>0.219%</u>	<u>0.214%</u>	<u>0.220%</u>	<u>0.237%</u>	<u>0.219%</u>
 Total Expense Ratio	<u>0.373%</u>	<u>0.379%</u>	<u>0.388%</u>	<u>0.414%</u>	<u>0.394%</u>
Ratio of net investment income to average net assets	<u>1.075%</u>	<u>1.025%</u>	<u>0.959%</u>	<u>1.001%</u>	<u>1.237%</u>
Number of shares outstanding at End of year, rounded (000's omitted)	<u>556</u>	<u>559</u>	<u>516</u>	<u>512</u>	<u>519</u>

Financial highlights are calculated for the share class as a whole. An individual shareholder's returns and ratios may vary based on the timing of share transactions.

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