



Diocesan Investment Trust

OF THE DIOCESE OF NEW YORK

74th Annual Report

The DIT Fund

2016

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
Gavin F. Leckie, Christ Church, Pelham
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

OFFICERS

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

EXECUTIVE COMMITTEE

John B. Trammell, *President, ex officio*
Sr. Faith Margaret, CHS, *Diocesan Treasurer, ex officio*
Jesse D. Adelaar, *Secretary & Treasurer, ex officio*
Melinda G. Weir, *Vice-President & 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*
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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 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 31st, 2016, the DIT oversaw \$76.8 million on behalf of more than 206 trusts and entities throughout the Diocese.

Of the \$76.8 million, \$30.5 million (40%) represented various trust accounts (TEP), \$32.1 million (42%) voluntary investments by parishes and institutions throughout the Diocese, and \$14.2 million (18%) was invested on behalf of parishes in the PEMS program. During the year investors subscribed nearly \$3.5 million for new shares in The DIT Fund and redeemed \$1.8 million to satisfy various operating and other needs, including automated quarterly distributions under the PEMS program of approximately \$617,000.

The DIT Fund finished the year up +5.0%, and the custom blended policy benchmark* return was +5.6%. Annualized performance measured from the inception of our relationship with Commonfund (April, 2009) through December 31st, 2016, was +8.2%, in line with the custom blended policy benchmark* return of +8.0%. These performance figures are net of all fees paid to Commonfund but do not reflect the deduction of DIT administrative expenses of approximately 0.23% (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 slight underperformance to the custom blended policy benchmark* was driven by stock selection within the Global Equity Fund, DIT’s largest investment. Calendar year 2016 was a challenging year for active management, largely driven by the decline in interest rates during the first half of the year as investors saw a flight to defensive bond-like equities which are generally under-owned by active managers. However, the portfolio’s overweight to equities was beneficial as equities were the best performing asset class for the year. In fixed income an underweight to duration and an overweight to spread sectors hurt during the first half of 2016; however the positioning of the fixed income portfolio was beneficial for the full Calendar Year 2016 as yields increased across the curve. Alternative investments exhibited strong absolute performance (+5.1% vs. +3.0% for the weighted alternative composite)* driven by allocations to low volatility (+11.6%) and Portable Alpha (+9.7%).

As we continue to manage the portfolio, a few changes have been implemented during Calendar Year 2016. Commonfund has reduced the number of investment managers across all marketable investment programs and eliminated a number of small and cost-inefficient funds. Additionally, Commonfund has redefined the use of hedge funds, specifically reducing strategies to a single hedge fund portfolio, which they believe will deliver better diversification, less complexity and lower costs.

Investment allocation was managed within limits prescribed by the Trustees. At year end, capital entrusted to the DIT was allocated 59.3% to stocks, 21.4% to bonds & cash, and 19.3% to liquid alternatives (primarily hedge fund managers).

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

MAY 3, 2017

*Policy Benchmark: 5/1/2009 to 6/30/2013 17.0% S&P500; 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% Citigroup World Govt. Bond Index; 2.0% Bloomberg Barclays US; Inflation-Linked Index
7/1/2013 to 12/31/2016 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% Citigroup World Govt. Bond Index; 2.0% Bloomberg Barclays US Inflation-Linked Index
*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 12/31/2016 77.8% HFRI FOF Composite Index; 22.2% Bloomberg Commodity Index

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

Financial Statements

December 31, 2016



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, 2016, 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, 2016, 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 3, 2017

PKF O'CONNOR DAVIES, LLP
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**Diocesan Investment Trust
of the Diocese of New York**

Statement of Assets and Liabilities
December 31, 2016

ASSETS

Investments, at fair value (cost \$66,479,197)	\$ 77,488,596
Receivable from brokers and custodian	6,842
Cash on deposit with custodian	743
Receivable for investor subscriptions	461,407
Total Assets	<u>\$ 77,957,588</u>

LIABILITIES

Accrued liabilities	37,560
Payable for investor redemptions	351,605
Dividend distributions payable to shareholders	764,204
Total Liabilities	<u>1,153,369</u>

NET ASSETS

\$ 76,804,219

See notes to financial statements

Diocesan Investment Trust of the Diocese of New York

Schedule of Investments December 31, 2016

Shares	Description/Geography	Percent of Net Assets	Fair Value
Equity Funds			
3,291,127	Commonfund Strategic Solutions Global Equity, LLC (United States)	60%	\$ 45,976,438
169,615	Commonfund Strategic Solutions Equity Fund, LLC (United States)	5%	<u>3,465,794</u>
	Total Equity Funds (cost \$38,590,354)	65%	<u>49,442,232</u>
Fixed Income Funds			
589,014	Commonfund Institutional High Quality Bond Fund, LLC (United States)	8%	6,209,135
65,648	SSgA U.S. Treasury Inflation Protected Securities (TIPS) Index Non-Lending QP Common Trust Fund (United States)	1%	926,550
304,946	Commonfund Contingent Asset Portfolio, LLC (United States)	4%	2,987,589
562,513	State Street Institutional U.S. Government Money Market Fund (United States)	1%	<u>562,501</u>
	Total Fixed Income Funds (cost \$10,761,197)	14%	<u>10,685,775</u>
Commodity Investment Funds			
150,083	SSgA S&P Global Large Mid Cap Natural Resources Index (United States)	1%	<u>1,111,516</u>
	Total Commodity Investment Funds (cost \$1,065,523)	1%	<u>1,111,516</u>
Alternative Investment Funds			
13,390	Commonfund Strategic Solutions Diversifying Company (Cayman Islands)	0%	158,286
6,098	Commonfund Alpha Port Segregated Portfolio Company (Cayman Islands)	0%	78,361
10,288	Commonfund Equity Market Neutral Segregated Portfolio Company (Cayman Islands)	0%	108,738
164,414	Commonfund Strategic Solutions Relative Value & Event Driven (Cayman Islands)	2%	1,835,064
820,942	Commonfund Global Absolute Alpha Company (Cayman Islands)	11%	<u>8,209,430</u>
	Total Alternative Investment Funds (cost \$10,202,929)	13%	<u>10,389,879</u>
	Total Investments (cost \$60,620,003)	93%	<u>71,629,402</u>
Temporary Investments			
	Cash Awaiting Transfer	2%	1,418,194
	Fiduciary Trust Company International Short Term Investment Pool U.S. Treasury	6%	<u>4,441,000</u>
	Total Cash and Cash Equivalents (cost \$5,859,194)	8%	<u>5,859,194</u>
	Total Investments (cost \$66,479,197)	101%	77,488,596
	Other Assets and Liabilities, Net	-1%	<u>(684,377)</u>
	Net Assets		<u><u>\$ 76,804,219</u></u>

See notes to financial statements

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

Statement of Operations
Year Ended December 31, 2016

INVESTMENT INCOME

Interest and dividends	\$ 957,780
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EXPENSES

Administrative fees	141,324
Advisory fees	114,517
Professional fees	26,650
Custodian fees	4,780
Other expenses	1,210
Total Expenses	<u>288,481</u>
Net Investment Income	669,299

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

Net realized gains from security transactions	
Proceeds from sales	24,809,450
Cost of securities sold	<u>(22,856,006)</u>
Net Realized Gain on Investments	1,953,444
Net increase in unrealized appreciation on investments	<u>826,141</u>
Net Realized and Unrealized Gain on Investments	<u>2,779,585</u>
Net increase in Net Assets Resulting from Operations	<u><u>\$ 3,448,884</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, 2016

FROM OPERATIONS AND DIVIDEND DISTRIBUTIONS	
Net investment income	\$ 669,299
Net realized gain on investments	1,953,444
Net increase in unrealized appreciation on investments	826,141
Net increase in Net Assets Resulting from Operations	<u>3,448,884</u>
Dividend distributions to shareholders	<u>(3,033,625)</u>
Net Change in Net Assets Derived from Operations and Dividend Distributions to Shareholders	<u>415,259</u>
 FROM TRANSACTIONS IN SHARES OF BENEFICIAL INTEREST	
Proceeds received from subscriptions to shares of beneficial interest	3,492,547
Amounts paid on redemption of shares of beneficial interest	<u>(1,754,737)</u>
Change in Net Assets Derived From Transactions in Shares of Beneficial Interest	<u>1,737,810</u>
Net Change in Net Assets	<u>2,153,069</u>
 NET ASSETS	
Beginning of year	<u>74,651,150</u>
End of year	<u><u>\$ 76,804,219</u></u>

See notes to financial statements

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

Statement of Cash Flows
Year Ended December 31, 2016

CASH FLOWS FROM OPERATING ACTIVITIES

Net increase in net assets resulting from operations	<u>\$ 3,448,884</u>
Adjustments to reconcile net increase in net assets resulting from operations to net cash from operating activities	
Purchase of investments	(24,323,032)
Sale of investments	24,809,450
Net increase in unrealized appreciation on investments	(826,141)
Net realized gain on investments	(1,953,444)
Change in Operating Assets and Liabilities	
Receivable from brokers and custodian	250,036
Receivable for investor subscriptions	69,976
Payable to brokers and custodian	(250,000)
Accrued liabilities	824
Payable for investor redemptions	53,805
Dividend distributions payable to shareholders	16,112
Net Cash from Operating Activities	<u>1,296,470</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Proceeds received from subscriptions to shares of beneficial interest	3,492,547
Amounts paid on redemption of shares of beneficial interest	(1,754,737)
Dividend distributions to shareholders	<u>(3,033,625)</u>
Net Cash from Financing Activities	<u>(1,295,815)</u>
Net Change in Cash and Cash Equivalents	655

CASH AND CASH EQUIVALENTS

Beginning of year	<u>88</u>
End of year	<u><u>\$ 743</u></u>

See notes to financial statements

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

Notes to Financial Statements
December 31, 2016

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 Common Fund for Nonprofit Organizations with its Affiliates.

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").

The Trust is an investment company following accounting and reporting guidance contained in the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 946, Financial Services Investment Companies ("Topic 946").

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, 2016

2. Summary of Significant Accounting Policies (continued)

During 2016, the Trust adopted new U.S. GAAP guidance which removed the requirements to categorize within the fair value hierarchy alternative investments where fair value is measured using the Net Asset Value (“NAV”) per share as a practical expedient. Adoption of this guidance was applied retrospectively and had no effect on the carrying value of such investments.

Pursuant to U.S. GAAP guidance, alternative investments where fair value is measured using the Net Asset Value (“NAV”) per share as a practical expedient is not categorized within the fair value hierarchy.

Investments Valuation

Investments are carried at fair value.

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 10th 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.

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

Notes to Financial Statements
December 31, 2016

2. Summary of Significant Accounting Policies (continued)

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.

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 3, 2017.

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, 2016 consists of the following:

Purchases	24,323,032
Sales	(24,809,450)
Unrealized Gains	11,120,513
Unrealized Losses	(111,114)

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.

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

Notes to Financial Statements
December 31, 2016

4. Investment Risks and Uncertainties (continued)

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, 2016, two individual investments represented approximately 60% and 11% of net assets.

5. Fair Value of Investments

The following are major categories of investments at measured at fair value on a recurring basis at December 31, 2016 grouped by the fair value hierarchy, for those investments subject to categorization within such hierarchy:

	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 (1)	\$ -	\$ -	\$ -	\$ 49,442,232
Fixed Income Funds (1)	-	-	-	10,685,775
Commodity Investment Funds (1)	-	-	-	1,111,516
Alternative Investment Funds (1)	-	-	-	10,389,879
Temporary Investments				
U.S. Treasury	5,859,194	-	-	5,859,194
	<u>\$ 5,859,194</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 77,488,596</u>

(1) As discussed in Note 2, investments that are measured using the practical expedient are not classified within the fair value hierarchy. The fair value amounts presented in the total column of this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the balance sheet.

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, 2016.

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

Notes to Financial Statements
December 31, 2016

5. Fair Value of Investments (continued)

Information regarding investments, including alternatives, valued at NAV using the practical expedient at December 31, 2016 is as follows:

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Equity Funds (a)	\$ 49,442,232	\$ -	Weekly, Monthly	5 days
Fixed Income Funds (b)	10,685,775	-	Daily, Weekly	1 - 5 days
Commodity Investment Fund (c)	1,111,516	-	Daily	2 days
Alternative Investment Funds (d)	10,389,879	-	Quarterly, Semi-Annually	65 - 95 days
Total	<u>\$ 71,629,402</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 common stock and preferred stock 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
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Notes to Financial Statements
December 31, 2016

7. Dividend Distributions Payable to Shareholders

The Trust declared a dividend per share of \$1.3439 as of December 10, 2016. The dividends were paid on January 15, 2017, to shareholders of record on December 10, 2016.

In addition, the Trust declared a dividend per share of \$1.3511 as of March 10, 2017. The dividends were paid on April 15, 2017, to shareholders of record on March 10, 2017.

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, 2016	556,496
Shares subscribed	26,091
Shares redeemed	<u>(13,128)</u>
Shares of beneficial interest, Ending December 31, 2016	<u>569,459</u>

Subscriptions and redemptions of shares in the Trust are generally permitted on the last day of each month. Notice of intent to subscribe or redeem from the Trust should be given in the form of a letter received by the Trust no later than the twentieth of the month.

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

Notes to Financial Statements
December 31, 2016

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.

	Shares Owned	Cost of Shares	Market Value of Shares
TEP	226,458.091	\$ 18,391,315	\$ 30,542,900
PEMS	105,270.013	13,689,467	14,197,998
Other Parishes	237,731.145	28,646,828	32,063,321
Total	<u>569,459.249</u>	<u>\$ 60,727,610</u>	<u>\$ 76,804,219</u>

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

Notes to Financial Statements
December 31, 2016

10. Financial Highlights

Financial highlights for the year ended December 31, 2016 are as follows:

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Per Share Operating Performance:					
Net asset value, Beginning of year	\$ 134.145	\$ 140.640	140.712	\$ 127.410	\$ 119.574
Income from investment operations:					
Net investment income	1.191	1.500	1.450	1.283	1.251
Net realized and unrealized gain (loss) on investments	4.934	(2.735)	3.653	17.065	11.594
Total from Investment Operations	140.270	139.405	145.815	145.758	132.419
Less distributions to shareholders	(5.398)	(5.260)	(5.175)	(5.046)	(5.009)
Net Asset Value, End of year	<u>\$ 134.872</u>	<u>\$ 134.145</u>	<u>\$ 140.640</u>	<u>\$ 140.712</u>	<u>\$ 127.410</u>
Total Return	<u>4.66%</u>	<u>-0.90%</u>	<u>3.66%</u>	<u>14.65%</u>	<u>10.86%</u>
Ratios and Supplemental Data:					
Net assets, End of year, rounded (\$ thousands)	<u>\$ 76,804</u>	<u>\$ 74,651</u>	<u>\$ 78,552</u>	<u>\$ 72,653</u>	<u>\$ 65,268</u>
Ratio of expenses to average net assets:					
Investment advisory fees	0.153%	0.154%	0.165%	0.168%	0.177%
Other administrative costs	0.232%	0.219%	0.214%	0.220%	0.237%
Total Expense Ratio	<u>0.385%</u>	<u>0.373%</u>	<u>0.379%</u>	<u>0.388%</u>	<u>0.414%</u>
Ratio of net investment income to average net assets	<u>0.893%</u>	<u>1.075%</u>	<u>1.025%</u>	<u>0.959%</u>	<u>1.001%</u>
Number of shares outstanding at End of year, rounded (000's omitted)	<u>569</u>	<u>556</u>	<u>559</u>	<u>516</u>	<u>512</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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