



Diocesan Investment Trust

OF THE DIOCESE OF NEW YORK

75th Annual Report

The DIT Fund

2017

DIOCESAN INVESTMENT TRUST

THE DIT FUND

TRUSTEES

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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
(Toll-free): 800-346-6995 ext 7312
E-mail mkearney@dioceseny.org

**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 31, 2017, the DIT oversaw \$86.4 million on behalf of more than 253 trusts and entities throughout the Diocese.

Of the \$86.4 million, \$34.3 million (40%) represented various trust accounts (TEP), \$36.7 million (42%) voluntary investments by parishes and institutions throughout the Diocese, and \$15.4 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 \$3.3 million to satisfy various operating and other needs, including automated quarterly distributions under the PEMS program of approximately \$591,000.

The DIT Fund finished the year up +16.9%, and the custom blended policy benchmark* return was +15.1%. Annualized performance measured from the inception of our relationship with Commonfund (April 2009) through December 31, 2017, was +9.2%, outperforming the custom blended policy benchmark* return of +8.8%. These performance figures are net of all fees paid to Commonfund but do not reflect the deduction of DIT administrative expenses of approximately 0.22% (annualized), which include the cost of processing redemption and subscription requests, custody, an annual audit, and the salary of our executive director.

Calendar year 2017 was dominated by record setting new highs for global equity markets and political transformation. The endowment outperformed its policy benchmark* by 180 basis points. This was driven by stock selection within the Global Equity Fund, the DIT’s largest investment. Having a global orientation was additive as non-U.S. markets outperformed the U.S. by 5.4% for the year. Additionally, the portfolio’s overweight to equities was beneficial as this was the best performing asset class for the year. Within fixed income, a steady rise in inflation and economic growth led to the Federal Reserve hiking rates three times in calendar year 2017. The DIT’s fixed income portfolio returned +2.9% for calendar year 2017 underperforming the Bloomberg Barclays U.S. Aggregate Bond Index by 60 basis points. Although the underweight duration positioning of the portfolio was additive, performance of the core fixed income piece (+3.4%) of the portfolio lagged its respective benchmark (Bloomberg Barclays U.S. Aggregate Bond Index) by 10 basis points due to a higher allocation to cash-substitute investments.. Alternative investments underperformed for the year (+4.1% vs. +6.6% for the weighted alternative composite**) mainly driven by the hedge fund portfolio return of +1.5%, which lagged the HFRI FoF Conservative Index +3.8% due largely to less public equity exposure.

Commonfund continues to look at ways to strengthen the DIT portfolio. The fixed income portfolio was further diversified at the beginning of 2017 by introducing an allocation to private credit to provide exposure to high-yielding, direct-lending strategies. At the end of 2017, Commonfund trimmed the equity overweight relative to fixed income to lock-in some gains and rebalanced the proceeds back into a core bond fund with the intention of providing the portfolio with greater protection.

Investment allocation was managed within limits prescribed by the Trustees. At year end, capital entrusted to the DIT was allocated 60.4% to equities, 24.5% to fixed income, and 15.1% to liquid alternatives (primarily hedge fund managers).

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

Established September 27, 1877

*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 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% Citigroup World Govt. Bond Index; 2.0% Bloomberg Barclays US Inflation-Linked Index
10/1/2017 to 12/31/2017 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&P Global LargeMidCap Commodity and Resources 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 9/30/2017 77.8% HFRI FOF Composite Index; 22.2% Bloomberg Commodity Index
10/1/2017 to 12/31/2017 70.6% HFRI FOF Conservative Index; 29.4% S&P Global LargeMidCap Commodity and Resources Index

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Important Notes

GENERALLY

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Any descriptions involving investment process, investment examples, statistical analysis, investment strategies or risk management techniques are provided for illustration purposes only, will not apply in all situations, may not be fully indicative of any present or future investments, may be changed in the discretion of an Investment Manager and are not intended to reflect performance.

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MARKET COMMENTARY

Any opinions, assumptions, assessments, statements or the like (collectively, "Statements") regarding future events or which are forward-looking, including regarding portfolio characteristics and limits, constitute only subjective views, beliefs, outlooks, estimations or intentions of an Investment Manager, should not be relied on, are subject to change due to a variety of factors, including fluctuating market conditions and economic factors, and involve inherent risks and uncertainties, both general and specific, many of which cannot be predicted or quantified and are beyond an Investment Manager's or an Investment Product's control. Future evidence and actual results (including actual composition and investment characteristics of an Investment Product's portfolio) could differ materially from those set forth in, contemplated by, or underlying these Statements, which are subject to change without notice. There can be no assurance and no representation is given that these Statements are now, or will prove to be accurate, or complete in any way. The Investment Manager undertakes no responsibility or obligation to revise or update such Statements. Statements expressed herein may not be shared by all personnel of Commonfund.

PERFORMANCE | COMANCO

Unless otherwise indicated, Comanco performance shown is unaudited, net of applicable management, performance and other fees and expenses, presumes reinvestment of earnings and excludes investor specific sales and other charges. Fees may be modified or waived for certain investors. Please refer to an Investment Product's Prospectus or the Investment Manager's Form ADV Part 2A for more information regarding the Investment Product's fees, charges and expenses. An investor's actual performance and actual fees may differ from the performance information shown due to, among other factors, capital contributions and withdrawals or redemptions, different share classes and eligibility to participate in "new issues."

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HYPOTHETICAL PORTFOLIOS AND HYPOTHETICAL RESULTS | GENERALLY

Certain asset-allocation framework depicted in this presentation is hypothetical and does not represent the investment performance or the actual accounts of any or investors ("Hypothetical Portfolio").

Performance of Hypothetical Portfolios and other composite performance results (based on sector attribution and other dissections and combinations of actual Investment Product performance) should be considered hypothetical results (collectively, "Hypothetical Results"). Hypothetical Portfolios and Hypothetical Results do not reflect actual trading or performance by an Investment Product or an investor, or a recommendation on the part of an Investment Manager or CSI to any particular investor; nor should they be considered as indicative of the skills of the Investment Adviser. Hypothetical Portfolios and Hypothetical Results are provided for illustrative purposes only and do not guarantee past or future investment results. Hypothetical Results are based on assumptions, and do not reflect the impact that economic and market factors may have on investment decisions for an Investment Manager. Differences between the hypothetical assumptions and an actual investment are material and decrease substantially the illustration value of any Hypothetical Results. Hypothetical Portfolios may not take into account the goals, risk tolerance and circumstances of each investor. An investment decision should not be based on Hypothetical Results.

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Past performance is not indicative of future results. An investor may lose all or a substantial portion of their investment in an Investment Product.

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www.commonfund.org/important-disclosures

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

Financial Statements

December 31, 2017



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, 2017, 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, 2017, 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
April 24, 2018

PKF O'CONNOR DAVIES, LLP
665 Fifth Avenue, New York, NY 10022 | Tel: 212.867.8000 or 212.286.2600 | Fax: 212.286.4080 | www.pkfod.com

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

Statement of Assets and Liabilities
December 31, 2017

ASSETS

Investments, at fair value (cost \$67,742,930)	\$ 86,928,900
Receivable from brokers and custodian	193,572
Cash on deposit with custodian	2,358
Receivable for investor subscriptions	529,159
Total Assets	<u>\$ 87,653,989</u>

LIABILITIES

Payable to brokers and custodian	185,972
Accrued liabilities	38,259
Payable for investor redemptions	245,139
Dividend distributions payable to shareholders	790,177
Total Liabilities	<u>1,259,547</u>

NET ASSETS

\$ 86,394,442

See notes to financial statements

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

Schedule of Investments
December 31, 2017

Shares	Description/Geography	Percent of Net Assets	Fair Value
Equity Funds			
3,027,527	Commonfund Strategic Solutions Global Equity, LLC (United States)	61%	\$ 52,547,600
	Total Equity Funds (cost \$33,979,864)	61%	<u>52,547,600</u>
Fixed Income Funds			
1,507,439	Commonfund Institutional High Quality Bond Fund, LLC (United States)	19%	16,107,728
35,311	State Street Institutional U.S. Government Money Market Fund (United States)	0%	35,311
	Total Fixed Income Funds (cost \$16,120,660)	19%	<u>16,143,039</u>
Commodity Investment Funds			
340,168	SSgA S&P Global Large Mid Cap Natural Resources Index (United States)	3%	2,990,416
	Total Commodity Investment Funds (cost \$2,665,055)	3%	<u>2,990,416</u>
Private Debt Funds			
812,293	Cerberus Offshore Levered Loan Opportunities Fund III, L.P. (Cayman Islands)	1%	812,293
	Total Private Debt Funds (cost \$725,822)	1%	<u>812,293</u>
Alternative Investment Funds			
308	Commonfund Alpha Port Segregated Portfolio Company (Cayman Islands)	0%	3,140
521	Commonfund Equity Market Neutral Segregated Portfolio Company (Cayman Islands)	0%	4,140
29,926	Commonfund Strategic Solutions Relative Value & Event Driven (Cayman Islands)	1%	348,724
962,636	Commonfund Global Absolute Alpha Company (Cayman Islands)	11%	9,766,076
	Total Alternative Investment Funds (cost \$9,938,057)	12%	<u>10,122,080</u>
	Total Investments (cost \$63,429,458)	96%	<u>82,615,428</u>
Temporary Investments			
	Cash Awaiting Transfer	0%	185,972
	Fiduciary Trust Company International Short Term Investment Pool U.S. Treasury	5%	4,127,500
	Total Cash and Cash Equivalents (cost \$4,313,472)	5%	<u>4,313,472</u>
	Total Investments (cost \$67,742,930)	101%	86,928,900
	Other Assets and Liabilities, Net	-1%	<u>(534,458)</u>
	Net Assets		<u>\$ 86,394,442</u>

See notes to financial statements

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

Statement of Operations
Year Ended December 31, 2017

INVESTMENT INCOME

Interest and dividends	<u>\$ 1,114,580</u>
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EXPENSES

Administrative fees	149,062
Advisory fees	121,492
Professional fees	25,800
Custodian fees	5,065
Total Expenses	<u>301,419</u>
Net Investment Income	813,161

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

Net realized gains from security transactions	
Proceeds from sales	28,689,360
Cost of securities sold	<u>(25,097,528)</u>
Net Realized Gain on Investments	3,591,832
Net increase in unrealized appreciation on investments	<u>8,176,571</u>
Net Realized and Unrealized Gain on Investments	<u>11,768,403</u>
Net increase in Net Assets Resulting from Operations	<u><u>\$ 12,581,564</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, 2017

FROM OPERATIONS AND DIVIDEND DISTRIBUTIONS	
Net investment income	\$ 813,161
Net realized gain on investments	3,591,832
Net increase in unrealized appreciation on investments	8,176,571
Net increase in Net Assets Resulting from Operations	<u>12,581,564</u>
Dividend distributions to shareholders	<u>(3,119,947)</u>
Net Change in Net Assets Derived from Operations and Dividend Distributions to Shareholders	<u>9,461,617</u>
 FROM TRANSACTIONS IN SHARES OF BENEFICIAL INTEREST	
Proceeds received from subscriptions to shares of beneficial interest	3,456,144
Amounts paid on redemption of shares of beneficial interest	<u>(3,327,538)</u>
Change in Net Assets Derived From Transactions in Shares of Beneficial Interest	<u>128,606</u>
Net Change in Net Assets	<u>9,590,223</u>
 NET ASSETS	
Beginning of year	<u>76,804,219</u>
End of year	<u><u>\$ 86,394,442</u></u>

See notes to financial statements

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

Statement of Cash Flows
Year Ended December 31, 2017

CASH FLOWS FROM OPERATING ACTIVITIES

Net increase in net assets resulting from operations	\$ 12,581,564
Adjustments to reconcile net increase in net assets resulting from operations to net cash from operating activities	
Purchase of investments	(26,361,261)
Sale of investments	28,689,360
Net increase in unrealized appreciation on investments	(8,176,571)
Net realized gain on investments	(3,591,832)
Change in Operating Assets and Liabilities	
Receivable from brokers and custodian	(186,730)
Receivable for investor subscriptions	(67,752)
Payable to brokers and custodian	185,972
Accrued liabilities	699
Payable for investor redemptions	(106,466)
Dividend distributions payable to shareholders	25,973
Net Cash from Operating Activities	<u>2,992,956</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Proceeds received from subscriptions to shares of beneficial interest	3,456,144
Amounts paid on redemption of shares of beneficial interest	(3,327,538)
Dividend distributions to shareholders	<u>(3,119,947)</u>
Net Cash from Financing Activities	<u>(2,991,341)</u>
Net Change in Cash and Cash Equivalents	1,615

CASH AND CASH EQUIVALENTS

Beginning of year	<u>743</u>
End of year	<u><u>\$ 2,358</u></u>

See notes to financial statements

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

Notes to Financial Statements
December 31, 2017

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, 2017

2. Summary of Significant Accounting Policies (continued)

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 are 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.

Transactions with 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.

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Notes to Financial Statements
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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 April 24, 2018.

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, 2017 consists of the following:

Purchases	26,361,261
Sales	(28,689,360)
Unrealized Gains	19,187,195
Unrealized Losses	(1,225)

4. Investment Risks, Uncertainties and Concentration

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, private debt 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, 2017, three individual investments represented approximately 60%, 19%, and 11% of net assets.

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5. Fair Value of Investments

The following are major categories of investments measured at fair value on a recurring basis at December 31, 2017 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)	\$ -	\$ -	\$ -	\$ 52,547,600
Fixed Income Funds (1)	-	-	-	16,143,039
Commodity Investment Funds (1)	-	-	-	2,990,416
Private Debt Funds (1)	-	-	-	812,293
Alternative Investment Funds (1)	-	-	-	10,122,080
Temporary Investments				
U.S. Treasury	<u>4,313,472</u>	-	-	<u>4,313,472</u>
	<u>\$ 4,313,472</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 86,928,900</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 Statement of Assets and Liabilities.

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, 2017.

Information regarding investments, including alternatives, valued at NAV using the practical expedient at December 31, 2017 is as follows:

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Equity Funds (a)	\$ 52,547,600	\$ -	Monthly	5 days
Fixed Income Funds (b)	16,143,039	-	Daily, Weekly	1-5 days
Commodity Investment Funds (c)	2,990,416	-	Daily	2 days
Private Debt Funds (d)	812,293	1,482,561	No Redemptions	N/A
Alternative Investment Funds (e)	10,122,080	-	Quarterly, Semi-Annually	65-95 days
Total	<u>\$ 82,615,428</u>	<u>\$ 1,482,561</u>		

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5. Fair Value of Investments (continued)

- 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. Private debt funds acquire illiquid debt obligations or debt-related financial instruments. The category is comprised of strategies such as investing in secured debt assets.
- e. 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.

7. Dividend Distributions Payable to Shareholders

The Trust declared a dividend per share of \$1.3899 as of December 10, 2017. The dividends were paid on January 16, 2018, to shareholders of record on December 10, 2017.

In addition, the Trust declared a dividend per share of \$1.3830 as of March 10, 2018. The dividends were paid on April 16, 2018, to shareholders of record on March 10, 2018.

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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, 2017	569,459
Shares subscribed	23,845
Shares redeemed	<u>(22,923)</u>
Shares of beneficial interest, Ending December 31, 2017	<u>570,381</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.

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	226,204.765	\$ 18,380,760	\$ 34,262,776
PEMS	101,984.343	13,325,654	15,447,361
Other Parishes	242,191.831	29,609,423	36,684,305
Total	570,380.939	\$ 61,315,837	\$ 86,394,442

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10. Financial Highlights

Financial highlights for the year ended December 31, 2017 are as follows:

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Per Share Operating Performance:					
Net asset value, Beginning of year	\$ 134.872	\$ 134.145	\$ 140.640	\$ 140.712	\$ 127.410
Income from investment operations:					
Net investment income	1.427	1.191	1.500	1.450	1.283
Net realized and unrealized gain (loss) on investments	20.649	4.934	(2.735)	3.653	17.065
Total from Investment Operations	156.948	140.270	139.405	145.815	145.758
Less distributions to shareholders	(5.480)	(5.398)	(5.260)	(5.175)	(5.046)
Net Asset Value, End of year	<u>\$ 151.468</u>	<u>\$ 134.872</u>	<u>\$ 134.145</u>	<u>\$ 140.640</u>	<u>\$ 140.712</u>
 Total Return	 <u>16.59%</u>	 <u>4.66%</u>	 <u>-0.90%</u>	 <u>3.66%</u>	 <u>14.65%</u>
Ratios and Supplemental Data:					
Net assets, End of year, rounded (\$ thousands)	<u>\$ 86,394</u>	<u>\$ 76,804</u>	<u>\$ 74,651</u>	<u>\$ 78,552</u>	<u>\$ 72,653</u>
Ratio of expenses to average net assets:					
Investment advisory fees	0.148%	0.153%	0.154%	0.165%	0.168%
Other administrative costs	0.219%	0.232%	0.219%	0.214%	0.220%
 Total Expense Ratio	 <u>0.367%</u>	 <u>0.385%</u>	 <u>0.373%</u>	 <u>0.379%</u>	 <u>0.388%</u>
 Ratio of net investment income to average net assets	 <u>0.989%</u>	 <u>0.893%</u>	 <u>1.075%</u>	 <u>1.025%</u>	 <u>0.959%</u>
 Number of shares outstanding at End of year, rounded (000's omitted)	 <u>570</u>	 <u>569</u>	 <u>556</u>	 <u>559</u>	 <u>516</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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