



THE EPISCOPAL  
THE DIOCESE OF  
NEW YORK

# PARISH ENDOWMENT MANAGEMENT SERVICE

*PEMS is a service of the  
Trustees of the Estate and Property of  
the Diocesan Convention of New York  
Diocesan Investment Trust*

## PARISH ENDOWMENT MANAGEMENT SERVICE

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- Where should we invest our funds?
- Who should make investment decisions?
- What if we are planning to use some of the money in a few years for a new roof?
- Do we need a separate investment account for each of our restricted funds?
- Aren't bonds and CDs safer than stocks?
- How much should we be using for our operating budget?
- How do we know how well our investments are really doing?
- What kind of management fees should we be paying?

When it comes to parish investments, the questions flow thick and fast. Many Vestries and Finance Committees are unsure in this area. Some are dissatisfied with their current arrangements. Others ought to be.

## Let DIT's Parish Endowment Management Service help.

### *What is PEMS?*

Parishes with investments have two goals. First, you want the purchasing power of the investments to be maintained with respect to inflation. Second, you want the investments to produce a reasonable amount of resources every year to support your parish. PEMS (Parish Endowment Management Service) is an easy and low-cost way to achieve these two investment goals.

### *Why is PEMS being offered?*

It's easy to understand the two investment goals your parish has. It's more difficult to know how to achieve them.

Many parishes seem to want help with the decisions and oversight that managing investments entails. Fixing and maintaining the asset allocation, monitoring the managers, making sure that no more is used any year than is prudent, reporting to the Vestry regularly on the performance – competent Treasurers and vestries can use help with these matters. The DIT is the right organization to assist.

### *How does PEMS work?*

It's simple. If you put your investments in PEMS, the DIT will maintain the asset allocation, calculate the annual drawdown based on a three-year moving average, and send it to you quarterly with a report on performance for your Vestry. You'll know every fall what the drawdown for the next year will be so you can budget. You can rest assured that you are responsibly fulfilling your fiduciary responsibility.

### PEMS (PARISH ENDOWMENT MANAGEMENT SERVICE)

*The Trustees of the Estate and Property  
of the Diocesan Convention of New York  
Diocesan Investment Trust  
1047 Amsterdam Avenue  
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*A service of the Trustees of the Estate and Property of the Diocesan Convention of New York Diocesan Investment Trust*

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***It sounds like we're giving up control of our own money. Is that it?***

Not at all. Your money is still your money. You're not giving up control of your money any more than if you hired any manager. PEMS just manages your investments in accordance with the current guidelines for best practices. You can withdraw your money at the end of any month. It's still your money.

***Management fees can be high. How much do we pay for management fees?***

Management fees can be high, but DIT is a very low-cost alternative. As with most professional managers, the fee is based on the balance of the account. There are no transaction fees. In 2019 and 2020 management fees DIT Fund were .81% and .80% respectively.

***What is DIT?***

DIT is a mutual fund parishes can use. The Trustees of the Estate and Property ("TEP") was incorporated in 1877 at the direction of the Diocesan Convention. A primary purpose was to hold funds in trust for parishes and institutions. TEP still manages trust funds that have been set up over the years. Many congregations are the *beneficiaries* of these perpetual trusts.

In 1943 the Trustees created the Diocesan Investment Trust ("DIT") so any congregation or institution in the Diocese could invest. Now many congregations are *shareholders* in DIT.

DIT exists only to serve the congregations and institutions of the Diocese of New York. The Convention of the Diocese elects a class of Trustees of the Estate and Property every year. For 144 years the Trustees of the Estate and

Property provided stable, low-cost "arm's-length" investment services for the diocese and its entities through the vehicle of the DIT.

***What do you mean by "arm's-length" services?***

One of the most difficult decisions you have to make when you have investments is who should manage them. Sometimes the manager is on the Finance Committee or is a friend of a Committee member. Other members may be uneasy about how things are being handled, but they may feel they can't say anything without alienating a parishioner.

One way to think of an "arm's-length" manager is that it's someone you can fire without causing a rift in your parish.

***What does DIT invest in?***

The **DIT Fund** is managed by Commonfund Asset Management and has a target asset allocation of 48.0% traditional public equities, 10.0% Private Capital (inclusive of Private Equity and Venture Capital), 15.0% traditional fixed income, 5.0% Private Credit, 5.0% Cash, and 17.0% alternative assets, (including exposure to Private Environmental Sustainability with a target of 2.5% and the remainder in hedge funds and real estate).

It is the general policy of the DIT to invest the Fund to achieve growth in principal value over time sufficient to preserve or increase the purchasing power of the Fund, thus protecting the Fund against inflation.

The DIT Fund requires its manager to incorporate ESG factors in their analytical processes, along with other factors such as

risk and return, to meet the portfolios over all investment objective. Endeavors to incorporate Environmental, Social and Governance ("ESG") considerations into the management of its endowment portfolio with the understanding that such considerations align with the Principal for Responsible Investment ("PRI").

***We've had a high-powered Investment Committee for a while. Do we need PEMS?***

Some things can be done well on a diocesan level because we can pool the resources and talents of people from all the parishes. In a parish the investment expertise may be in one or two individuals, and maybe there are times when no one has that expertise. The Diocesan Convention has a wealth of talent that we can all draw on.

DIT offers a history of stability of leadership and oversight. DIT is also accountable to you through the diocesan Convention. The Trustees of TEP, which is responsible for the DIT, are, of course, all members of parishes of our Diocese.

The bigger the pool under investment, the better. The broader the pool of oversight talent, the better. Maybe your funds could be better allocated if they were part of a larger pool. Maybe your parishioner with investment expertise might be willing to serve as a Trustee so the whole Diocese could benefit from the person's knowledge.

***Why should we think about putting our investments into PEMS?***

No asset manages itself, and with investments there is no way to avoid risks or guarantee any level of performance.

But here are some of the reasons you might consider using PEMS, the Parish Endowment Management Service of DIT:

- Stability of oversight
- Reliability of reporting
- Accountability of leadership
- Transparency of operation
- Low costs
- Shared commitment to the long-term future of your congregation