

Diocesan Investment Trust

This has been a strange year for the country. Our U. S. total stock market fund is up 15% for the year. Interest rates have risen through the first three quarters of the year, and so our intermediate bond fund is down 1%. The broad International stock markets have recovered, and our developed international stock fund is up 9% for the year.

You may be wondering how our bond fund lost money this year. Our economy is at an inflection point; inflation along with interest rates have increased this year. As interest rates rise, bond portfolios loose value. The relationship between bond values and interest rates is called duration risk.

At the same time; the long-term outlook for the U.S. economy, and thus the stock market; looks murky. The question seems to be whether we'll be able to power through labor shortages, rising inflation, and supply-chain shortages.

I encourage every organization to review their portfolio allocation. Ask yourselves whether your portfolio is properly allocated for rising interest rates and economic uncertainty, considering the purpose of your investment portfolio. Contact Desiree Brattin if you would like to talk to us.

The Diocesan Investment Trust (DIT) provides an institutional-quality investment platform for parishes and other diocesan groups to help manage their endowments and other long-term investments. The Stock portfolios are screened to the church's socially responsible investment guidelines. The DIT's funds are overseen by a board of trustees, who meet quarterly.

Parishes and other diocesan groups are invited to use the DIT. We offer three funds.

- 1. U. S. total stock market fund following the Russell 3000 index.**
- 2. Developed market international stock funds following the MSCI World ex. USA index.**
- 3. U. S. intermediate bond index.**

Parishes using the DIT have direct control of their funds, with all record keeping provided by the sponsor, TIAA-CREF. The DIT is a good solution for parishes without in-house investment expertise, or where account size doesn't justify professional management fees.

There are currently 15 parishes, plus several organizations throughout the diocese participating in the DIT.

The DIT board consists of six lay members along with the bishop and diocese financial officer as ex officio members. We meet quarterly to review fund performance, perform due diligence, and other fiduciary tasks as needed.

Please see me or Desiree Brattin if you are interested in using the DIT for your investment program.

Respectfully submitted,

**Bruce Ward
President, Board of Trustees**