

The Trustees of the Funds – Annual Report – 2017 (as of July 31, 2017)

2017 has been a banner year for TOTF. Through July 31, 2017, the year-to-date net return of +9.9% has moved the core portfolio over \$143 million and there have been 11 funds added year to date moving to 682 separate funds. The STAMP (short-term) portfolio has risen above \$4 million in assets and has added five new funds so far this year to a total of 45 separate funds. The year-to-date net return of +1.29% and since inception (64 months) annualized return of +1.49% reflect the over \$200,000 of additional ministry resources created through this portfolio.

Manager adjustments have been very minor in both portfolios, although a more substantial review of the STAMP portfolio will take place in late-2017. We continue to work closely with our consultant, Prime Buchholz and Associates, as well as our master custodian, SunTrust. The Trustees appreciate the ongoing guidance of each organization.

The late-2016 launch of a Gift Annuity Fund as the third offering of TOTF continues to attract a great deal of interest. Two years in the making, this fund should provide a ready-made planned giving vehicle for use in local capital campaigns and in longer-term gift planning. The Trustees, and Bishop Johnston, unanimously approved this offering to go live in late-2016. As with all that TOTF does, this program will be run at cost, providing 100% of the resulting residuum to the named beneficiaries and will be a key focus of TOTF for 2017 and beyond.

Operationally, TOTF received a clean audit for 2016, and continues to run at a very efficient expense ratio of just under 0.56% through 12/31/2016. The expense ratio currently has dropped to 0.545% midway through 2017. Part of this efficiency is supported through the creation of a fund by a donor to support the work of TOTF operations. "Fund 500" has now received donations from several persons and every dollar generated is applied to expenses. As the initial donor to this new fund said, "the more efficient I can help make your work, the better for all." Beyond the other work already mentioned for 2017, a Request for Proposal process for audit work will begin in late-2017.

TOTF takes the work of being an unbiased and conflict-of-interest free fiduciary very seriously. In overseeing investments of the Episcopal Church dating back to 1754, we always seek to be good stewards of the missionary resources entrusted to our care.

Respectfully submitted,

Michael J. Kerr

CEO

The Trustees of the Funds