

## **The Trustees of the Funds – Annual Report – 2018 (as of July 31, 2018)**

2018 has been a good year for TOTF. Through July 31, 2018, the trailing one-year net return of +6.3% has moved the core portfolio to nearly \$138 million and there have been 13 funds added year to date moving to 696 separate funds. The STAMP (short-term) portfolio has risen above \$5.3 million in assets and has added three new funds so far this year to a total of 45 separate funds. One of the new STAMP funds is from Grace Church in Yorktown, of the Diocese of Southern Virginia and we welcome their participation! The one-year net return of +0.98% and since inception (76 months) annualized return of +1.41% reflect the over \$260,000 of additional ministry resources created through this portfolio.

An RFP process for audit work was completed in late 2017, with Wells Coleman being appointed as our new audit partner. Manager adjustments have been minor in both portfolios over the last year, with one manager exiting the core portfolio in 2018. 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 2018 and beyond.

Operationally, TOTF received a clean audit for 2017, and continues to run at a very efficient expense ratio of just under 0.54% through 12/31/2017, which is a reduction from 2016. Part of this efficiency is achieved through renegotiated investment management contracts but also 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.”

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

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