

# The Episcopal Church Foundation in West Texas Investment Program

## QUARTERLY REPORT

December 31, 2018

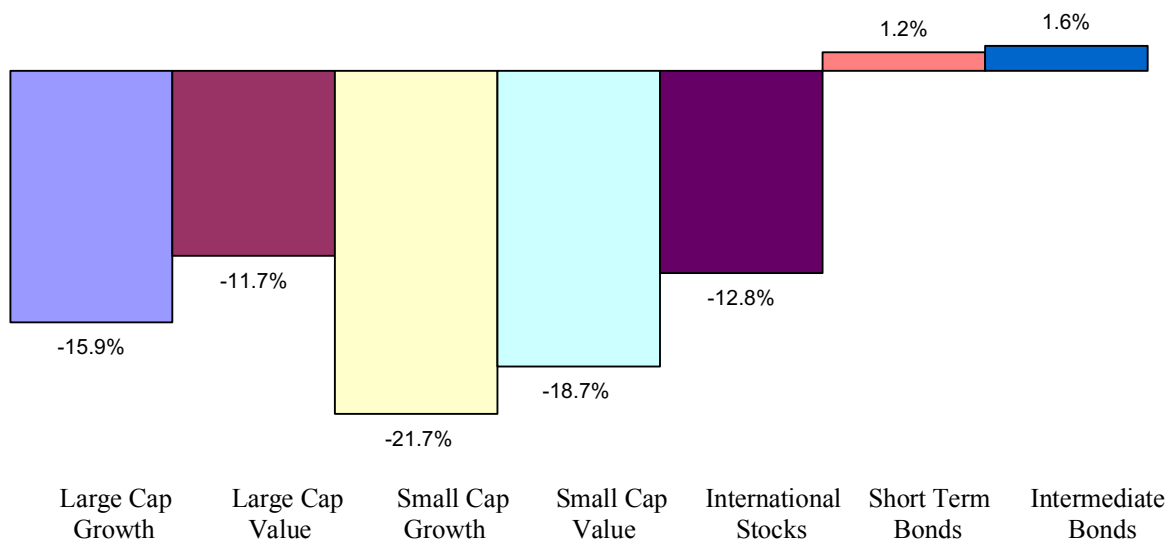
### Market Report

After strong performance during the first three quarters, the US stock market turned ugly in early October and experienced several significant ups and downs during the quarter. Unfortunately, the downs were more pronounced than the ups. The year closed with the worst common stock performance since 2008, with the Russell 3000 index being down -14% for the quarter and down -5.2% for the year.

Stocks across the board—large capitalization stocks, small cap stocks, the growth style and the value style—sustained losses for the quarter and the year. International stocks outperformed the US for the quarter, but not for the year.

The bond market improved slightly during the fourth quarter, providing modest total returns. This occurred even though the Federal Reserve continued to increase short term interest rates and continued to sell US Treasury Bonds it acquired during the Great Recession. Cash was the best performing asset class for the year.

### Market Returns for Quarter



### **Model Portfolio Review**

The three Foundation model portfolios containing stocks sustained losses for the quarter and the year. The Capital Maintenance model achieved modest gains. Performance relative to peer groups for all models was mixed for the quarter and favorable for the year. Longer-term relative performance for all models is favorable compared to other managers.

On a consolidated basis, the Foundation outperformed its peer group and its benchmark for the quarter and the year even though losses were experienced for both time periods.

Details of the performance of the four models are shown below.

### **Asset Class Investment Results**

The Foundation's performance for the quarter for the three assets classes in which it invests, along with comparative benchmark returns, are shown in the following table.

<b>Asset Class</b>	<b>Return</b>	<b>Benchmark</b>
Common Stocks	-14.5%	-14.3%
Fixed Income	0.4%	1.6%
Cash Equivalents	0.5%	0.6%

### **Account Status**

Foundation assets at quarter-end totaled \$67.3 million, a decrease of \$8.8 million during the quarter. Investment losses were \$6.8 million or -9.1%. One new account was opened during the quarter, totaling \$100 thousand. For the year, investment losses totaled \$1.9 million or -2.7%. A total of 11 new accounts were opened during 2018, with initial deposits of \$1.8 million.

At December 31<sup>st</sup>, the Foundation had a total of 220 accounts as follows:

<b>Ownership</b>	<b>Number of Accounts</b>	<b>Amount</b>
Churches/Schools	162	\$ 38.3 million
Diocese/Foundation	58	29.0 million

## Model Portfolio Performance as of December 31, 2018\*

<b>Growth</b>	<b>3 Mo</b>	<b>1 Yr</b>	<b>3 Yr</b>	<b>5 Yr</b>
Portfolio Total Return	(10.16)	(3.17)	5.77	4.24
+/- Peer Group Composite	0.27	2.95	0.90	0.34
+/- Index Composite	0.21	2.19	(0.36)	(0.68)

<b>Growth &amp; Income</b>	<b>3 Mo</b>	<b>1 Yr</b>	<b>3 Yr</b>	<b>5 Yr</b>
Portfolio Total Return	(6.98)	(1.69)	5.17	4.03
+/- Peer Group Composite	0.28	2.33	0.75	0.43
+/- Index Composite	0.05	3.67	(0.10)	(0.52)

<b>Income</b>	<b>3 Mo</b>	<b>1 Yr</b>	<b>3 Yr</b>	<b>5 Yr</b>
Portfolio Total Return	(4.56)	(0.67)	4.71	3.70
+/- Peer Group Composite	0.28	1.86	0.87	0.58
+/- Index Composite	(0.08)	1.25	0.31	(0.12)

<b>Capital Maintenance</b>	<b>3 Mo</b>	<b>1 Yr</b>	<b>3 Yr</b>	<b>5 Yr</b>
Portfolio Total Return	0.66	1.12	1.21	0.98
+/- Peer Group Composite	0.14	0.13	0.11	0.11
+/- Index Composite	(0.21)	(0.38)	0.02	0.00

\* Returns for greater than one year are annualized. Past performance does not guarantee future results.