

Diocese of Toledo - Catholic Foundation

Executive Summary of Investment Performance

September 30, 2015

Aggressive Pool – Trailed its Balanced Benchmark during the quarter (-9.0% vs. -8.8%) and over the trailing twelve months (-5.1% vs. -2.4%). The Aggressive Pool's emerging markets manager and real estate allocation contributed to relative returns, while the all cap equity portfolio negatively impacted performance.

Long Term Pool – Matched the Balanced Benchmark during the quarter (-5.7% vs. -5.7%), but trailed the index over the trailing twelve months (-2.8% vs. -0.9%). The Long Term Pool's emerging markets manager and real estate allocation contributed to performance, while the all cap equity portfolio and the core fixed income manager had a negative impact on relative returns.

Balanced Pool – Outperformed its Balanced Benchmark for the quarter (-4.4% vs. -4.5%), but trailed the index over the trailing twelve months (-2.1% vs. -0.3%). The Balanced Pool's emerging markets manager and real estate allocation contributed to performance, while the all cap equity portfolio and the core fixed income manager had a negative impact on relative returns.

Fixed Income Pool – Trailed its Balanced Benchmark for the quarter (0.7% vs. 0.8%) and over the trailing twelve months (1.0% vs. 2.1%).

Domestic All Cap Equity

The all cap equity composite trailed the Russell 3000 Index during the quarter. Both DFA and World Asset Management underperformed their respective benchmarks during the quarter.

World Asset Management – During the third quarter, the manager declined 6.6% and trailed the performance of the S&P 500 Index (-6.4%). An overweight position in the energy sector negatively impacted performance during the quarter.

DFA U.S. Social Core Equity 2 – During the quarter, the manager declined 9.2% and trailed the performance of the Russell 3000 Index (-7.2%). Overweight positions in the energy sector, materials sector, and industrial sector detracted from performance during the quarter. The value tilt of the fund further hampered relative returns.

International Equity

The international portfolio slightly trailed the MSCI AC World Index ex-US during the quarter. DFA International Social Core Equity Fund slightly trailed the Index during the quarter, while the DFA Emerging Markets Social Core Fund outperformed the index.

DFA International Social Core Equity Fund – During the quarter the fund declined 10.3% and trailed the performance of the MSCI EAFE Index (-10.2%). Overweight positions in the energy sector, industrials sector, and materials sector negatively impacted performance during the quarter. The fund's value tilt further detracted from relative returns.

DFA Emerging Markets Social Core – During the quarter the fund declined 16.8%, but outperformed the MSCI Emerging Markets Index (-17.9%). An underweight position to China benefited performance during the quarter. An overweight position in the consumer staples sector and an underweight position in the industrials sector further enhanced relative returns.

Fixed Income

The fixed income portfolio slightly trailed the Blended Index during the quarter. A higher allocation to short term fixed income relative to the benchmark and an overweight allocation to investment grade corporate debt are the primary reasons for the underperformance during the quarter.

DFA Short-Term Government Portfolio – During the quarter the fund gained 0.7% and exceeded the performance of the ML 1-3Yr Govt/Corp Bond Index (+0.3%). Longer than benchmark duration contributed to performance during the quarter.

Christian Brothers Intermediate Bond Fund – During the quarter, the fund gained 0.5%, but trailed the performance of the Barclays U.S. Aggregate Bond Index (1.2%). An overweight allocation to investment grade corporate debt negatively impacted performance during the quarter. Shorter than benchmark duration further hampered relative returns.

Real Estate

DFA Global Real Estate – During the quarter the fund was flat, but exceeded the S&P Developed BMI Property Index (-2.2%). An overweight to U.S. REITs contributed to performance during the quarter.