

Diocese of Toledo - Catholic Foundation

Executive Summary of Investment Performance

December 31, 2016

Aggressive Pool – Exceeded its Balanced Benchmark during the quarter (4.4% vs. 3.5%) and over the trailing twelve months (14.1% vs. 12.9%). The Aggressive Pool's domestic equity portfolio and international developed equity manager contributed to relative returns.

Long Term Pool – Exceeded the Balanced Benchmark during the quarter (2.3% vs. 1.7%) and over the trailing twelve months (10.0% vs. 9.4%). The Long Term Pool's domestic equity portfolio, international developed equity manger, and fixed income portfolio contributed to performance.

Balanced Pool – Exceeded its Balanced Benchmark for the quarter (1.6% vs. 1.2%) and over the trailing twelve months (8.0% vs. 7.9%). The Balanced Pool's domestic equity portfolio, international developed equity manger, and fixed income portfolio contributed to performance.

Fixed Income Pool – Exceeded its Balanced Benchmark for the quarter (-1.4% vs. -1.7%), but trailed the index over the trailing twelve months (1.7% vs. 2.0%). Underperformance of the short term fixed income manager negatively impacted performance during the quarter.

Domestic All Cap Equity

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

World Asset Management – During the fourth quarter, the manager gained 4.2% and exceeded the performance of the S&P 500 Index (3.8%). Underweight positions in the health care sector and real estate sector positively impacted performance during the quarter. Also, an overweight position to the financials sector benefited relative returns.

DFA U.S. Social Core Equity 2 – During the quarter, the manager advanced 7.8% and exceeded the performance of the Russell 3000 Index (4.2%). An overweight position to the financials sector and industrials sector contributed to performance during the quarter. Underweight positions to the health care sector and real estate sector also added to 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 outperformed its benchmark, while the DFA Emerging Markets Social Core Fund underperformed its benchmark.

DFA International Social Core Equity Fund – During the quarter the fund gained 0.2% and exceeded the performance of the MSCI EAFE Index (-0.7%). Underweight positions to the healthcare sector, consumer staples sector, and real estate sector contributed to performance during the quarter.

DFA Emerging Markets Social Core – During the quarter the fund declined 4.9% and underperformed the MSCI Emerging Markets Index (-4.2%). Overweight positions to the industrials sector and consumer staples sector negatively impacted performance during the quarter.

Fixed Income

The fixed income portfolio exceeded the Blended Index during the quarter.

DFA Short-Term Government Portfolio – During the quarter the fund declined 1.1% and trailed the performance of the ML 1-3Yr Govt/Corp Bond Index (-0.4%). Lack of exposure to investment grade corporate debt and a longer than benchmark duration negatively impacted returns during the quarter.

Christian Brothers Intermediate Bond Fund – During the quarter, the fund declined 2.5%, but exceeded the performance of the Bloomberg Barclays U.S. Aggregate Bond Index (-3.0%). Exposure to non-investment grade corporate debt and a shorter than benchmark duration benefited performance during the quarter.

Real Estate

DFA Global Real Estate – During the quarter the fund declined 5.3% and matched the S&P Developed BMI Property Index (-5.3%). Overweight positions to health care REITs and retail REITs negatively impacted performance during the quarter, while an overweight allocation to U.S. REITs benefited performance.