

**All Souls Episcopal Church
Endowment and Investment Board
2017 Annual Report**

This annual report is presented in accordance with Article II, Distribution and Reporting Procedures, of the All Souls Episcopal Church Endowment and Investment Board Charter. The report a) summarizes the Fund performance for the three years ending September 30, 2017; b) provides the Board’s Fund transfer percentage for the 2018 calendar year; c) lists management fees paid in connection with the Fund; d) expenses of the Board; e) donor restrictions, if any; and f) other matters, if any.

A. Endowment Fund Performance

Year ended	Balance	Average time-weighted rate of return
12/31/2015	SunTrust \$2,179,787 UBS \$344,889 Total \$2,524,676	Not provided 14.76%
12/31/2016	\$2,097,571	6.70%
9/30/2017	\$2,188,054	6.74%

The majority of the endowment fund assets was managed by Sun Trust during 2015. We did not receive a year-end report. (Sun Trust was unwilling to provide a year-end report without a significant charge to the fund.) More than 70% of the fund was invested in fixed income products resulting in minimal returns (estimated between 1% and 2%). The return generated by UBS for 2015 reflected small remaining equity positions. UBS did provide a year-end report for 2015. We currently receive monthly reports from UBS. Third quarter and end-of-year reports are also available at no cost from UBS.

During the capital campaign, the investment objective of the endowment fund was changed to preservation of capital. Once the funds were returned to UBS following the completion of the capital campaign, and the repayment of the remaining loan, the Endowment Board resumed its objective of diversifying its holdings. (equity mutual funds)

The current portfolio mix, consistent with the Board’s investment guidelines, is 42% fixed, <5% cash, 41% equity, and 13% indexed CD (bond ladder).

B. 2018 Fund Transfer Recommendation

This year, a two-year rolling average (\$2,142,813) was used to calculate the 2018 annual distribution. A three-year average was not used this year, since the average would have been distorted by the impact of the capital campaign. Moving forward, a three-year average will be utilized.

The Board recommends that the vestry transfer \$64,284 (3% of the two-year average) from the endowment fund to fulfill the parish mission in accordance with the Charter.

C. Management Fees

All Souls incurred no fees for the management of the Fund in 2017.

D. Expenses of the Board

The Board incurred no expenses in 2017.

E. Donor Restrictions

None.

F. Other Matters

None.