



January 30, 2025

To: Trustees of the Funds Participants

From: Alan Gayle, Investment Committee Chair

Subject: Year-end 2024 Performance Update

Greetings from the Investment Committee of ToTF. This memo provides an update on the investment performance of our three funds through December 31, 2024. The news is good. You should have received the Executive Summary by now along with the updated performance in your accounts. Please note that the returns on your account may differ slightly from the performance of the total fund, due to the timing of investment flows both in your account and in the larger fund.

While economic conditions are rarely, if ever, ideal, 2024 saw better than expected economic growth, continued job gains, and increased corporate profits. The disappointment was that inflation remained above the 2% target set by the Federal Reserve. Still, conditions were favorable enough for the Fed to end its tightening cycle and start lowering short term interest rates. This shift in monetary policy provided an additional tailwind to the markets.

The Balanced Fund finished 2024 with a return of 11.9% after expenses, above the Policy Index of 11.4%. The 3-year annualized return was also favorable compared to the Policy Index; 3.1% versus 2.4%. We are particularly pleased with these returns, since ToTF adjusted its asset allocation targets just over 2 years ago in consultation with our Investment Advisor, LCG Associates. The Fund improved its relative performance while investing with Episcopal values. (The Policy Index for each fund is a weighted average of market indexes that reflect the fund's asset allocation. It is important to note that the market indexes do not have any expenses associated with them, and, equally important, policy indexes are NOT invested with Episcopal values in mind.).

One more comment on the Balanced Fund performance. The Balance Fund is designed and managed for accounts with a longer-term investment horizon such as endowments and trusts. We are pleased to report that, as of June 30, 2024, the Balance Fund outperformed several national Trust and Endowment composites over the past one and three years.

The Short-Term Fund, created as an alternative to bank CDs and similar investments, returned 4.6% in 2024, in line with its policy Index. The Fund outperformed its Policy



Index over the past 3 and 5 years (2.5% annualized versus 2.4% and 2.2% versus 1.9%, respectively). The estimated portfolio yield at the end of 2024 was 4.51%.

The All-Equity Fund also enjoyed a good year, earning 19.1% versus a 17.5% Policy Index in 2024. The Fund performance was in line with the Policy Index over the past 3 years and outperformed since inception (7.3% annualized versus 7.1%).

Finally, some participants have expressed an interest in combining the ToTF Funds in ways that might better reflect their return goals and risk tolerance. LCG Associates constructed a table for us that analyzes return characteristics for various combinations of the All-Equity Fund and the Short-Term Fund. The analysis uses the policy indexes for each fund to increase the amount of data in the study. Past performance is no guarantee of future returns, but the table does provide useful information to decision makers.

As I said at the beginning, the news on the performance is good, and we hope you are pleased as well. Our mission is to provide our participants with competitive risk-adjusted returns that embrace Episcopal values, and help you achieve your goals. We thank you for your participation and support.

If you have any questions contact Lynn Ivey, Executive Director, at Livey@trusteesofthefunds.org