



THE JAMES F. HODGES DIOCESAN INVESTMENT FUND

A Pooled Investment Fund

Report to shareholders, year ending
December 31, 2017

October 2018

C O N T E N T S

	Page
2017 DIOCESAN INVESTMENT FUND COMMITTEE	3
PERFORMANCE REPORT TO SHAREHOLDERS.....	4
PURPOSE OF THE DIOCESAN INVESTMENT FUND.....	5
OPERATION OF THE DIOCESAN INVESTMENT FUND.....	5
INDEPENDENT AUDITORS' REPORT	6
FINANCIAL STATEMENTS	
STATEMENTS OF ASSETS AND LIABILITIES.....	7
SCHEDULE OF INVESTMENTS - 2017.....	8 & 9
SCHEDULE OF INVESTMENTS - 2016.....	10 & 11
STATEMENTS OF OPERATIONS.....	12
STATEMENTS OF CHANGES IN NET ASSETS.....	13
NOTES TO FINANCIAL STATEMENTS.....	14-16
CONGREGATIONS AND INSTITUTIONS PARTICIPATING.....	17

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Ms. Judith Andrews
Chancellor of the Diocese

Transfer Agent, Registrar and Disbursing Agent
Diocese of Olympia

2017 Performance Report to Shareholders

2017 can best be described as a "goldilocks" year for financial markets as nearly everything went just about right. A mix of positive economic growth and low to moderate inflation allowed global central banks to maintain extraordinary loose monetary policies. This mix was good for bond investors as interest rates were stable and good for equity investors as the solid economic and liquidity backdrop provided a tailwind for earnings growth. This mix also supported returns overseas as foreign assets appreciated rapidly.

The S&P 500 gained 21.8% in 2017. Outside of large-cap U.S. companies, returns were not as strong as the Russell 3000 Index of small U.S. stocks gained 14.7%. Overseas, the MSCI Developed Market (EAFE) Index gained 24.7% and the MSCI Emerging Markets index rose 37.3%. U.S. bonds, as measured by the Barclays Intermediate Government / Credit Index, rose 2.1% on the year.

In 2017 the Fund returned 13.0% net of fees and expenses. Over the past three and five years, the Fund returned 7.6% and 10.1% annualized. For comparison, the DIF policy benchmark index returned 15% in 2017, 7.7% for the trailing three years, and 9.9% for the past 5 years.

The long-term strategic asset allocation targets are 5% cash, 30% bonds and 65% stocks. At the end of December 2017, the Fund held 6% in money market funds, 26.9% in bonds and 66.3 % in stocks. The Investment Policy for the DIF calls for rebalancing when the allocation deviates by more than 10% from the strategic target.

Within the stock portfolio the Committee continues to focus on companies with strong fundamentals, sound management, high and/or rising dividend yields, and attractive valuations. Recall that we achieve exposure to small and mid-cap U.S. stocks, foreign and emerging market stocks, and corporate bonds through low-cost mutual funds.

The DIF is managed by a team of seasoned investment professionals and business community leaders that generously volunteer their time, expertise and resources. We believe that a long-term perspective, focused on fundamentals and attention to valuations remain essential in building a sensible portfolio. The fund is a balanced and diversified portfolio with a long term investment horizon. The primary objective is growth; income is a secondary consideration.

<u>Diocesan Investment Fund</u>	<u>Year-End Value Per-Share</u>	<u>Annual Dividend Per-Share</u>	<u>Average Annual Yield Per-Share</u>
12/31/2017	\$271.69	\$6.11	2.5%
12/31/2014 (3 years ago)	\$236.94	\$5.35	2.4%
12/31/2012 (5 years ago)	\$191.31	\$5.08	2.9%

<u>Total Returns</u>	<u>Year ending 12/31/2017</u>	<u>3 Years Annualized</u>	<u>5 Years Annualized</u>
Diocese Investment Fund	13.0%	7.6%	10.1%
Policy Index*	15.0%	7.7%	9.9%
S&P 500 Stock Index	21.8%	11.4%	15.8%

Source: U.S. Bank, Diocese of Olympia, Black Diamond.

* The Policy Index is 5% 90-day T-Bill; 30% Barclays Intermediate Aggregate Government/Credit Bond Index, 45.5% S&P 500 Index, 4.9% S&P Midcap Index, 4.9% Russell 2000 Index, 6.5% MSCI EAFE Index, 3.3% MSCI Emerging Markets Index.

The S&P 500 Index is a market capitalization-weighted index of 500 large, widely-held U.S. stocks. The S&P Midcap Index is a market capitalization-weighted index of 400 medium-sized, widely-held U.S. stocks. The Russell 2000 Index is a market capitalization-weighted index of 2000 small U.S. stocks. The MSCI EAFE Index is a market capitalization-weighted index of developed market stocks. The MSCI Emerging Markets Index is a market capitalization-weighted index of emerging market stocks. The Barclays Intermediate Aggregate Government/Credit Bond Index is a float-adjusted, diversified index of government and corporate bonds with intermediate term maturities.

Performance of the Diocese Investment Fund is presented net of fees and expenses. Returns include the reinvestment of dividends and interest. Investments are not guaranteed or insured. The performance data shows past performance and is not a guarantee of future results. Principal value and investment returns will fluctuate. This report uses information that is considered reliable, but it does not represent that the information is accurate or complete.

The Purpose of the Diocesan Investment Fund

The Diocesan Investment Fund was organized in 1951 as a co-mingled fund for the endowment funds of the Diocese, its parishes, missions and related institutions. This approach allows small endowment funds to be pooled, thereby providing greater diversification and increased investment opportunity.

The primary objective of the Fund is to build share appreciation over time and to provide a return that significantly exceeds the level of inflation. Another very important objective of the Fund is to provide a high level of income for distribution to congregations and other shareholders to help meet their budgetary needs. The Fund is invested in a diversified portfolio of common stocks and fixed income securities. Since long term growth of principal is the primary objective, the allocation between stocks and bonds will generally favor stocks.

The primary motivation for investing in the Fund should be the desire to offset the constant erosion of the value of the dollar caused by inflation. The Fund will fluctuate in market value and the level of income produced from year to year. Over time, however, it is anticipated that the total investment return should be higher than the return produced by shorter term savings vehicles.

This Fund is suitable for investors with a five year or longer time horizon and who are willing to accept the possibility of negative returns in some years. The Investment Committee for the Fund will do its best to meet the objectives of the Fund. No guarantee can be given, however, that the objectives will be met.

Operation of the Fund

Shares may be purchased by the Diocese itself, by parishes of the Diocese, and by diocesan related institutions. No shares may be purchased by individuals or by organizations other than those listed. Because of its long-range objectives, the Fund does not encourage the purchase of shares unless they are to be held for two years or more.

The assets are valued on the last day of each month, and the per share valuation determined at that time.

Any parish or other organization wishing to purchase shares may do so by notifying the diocesan Treasurer's office by the end of the month. When the share value has been determined, the purchaser will be given evidence of the number of shares purchased the following month.

In the event that the owner of the shares wishes to sell all or part of them, the Treasurer's Office must be notified by the end of the month. A shareholder should give notice thirty days prior to the valuation date of intent to sell and the amount of money to be realized. When the valuation is determined, the shareholder will be advised of the number of shares to be redeemed and a check sent in payment.

A shareholder may elect to have dividends from earned income re-invested rather than distributed in cash. If so requested, the Fund will fully invest the dividend and issue evidence of additional shares. Further particulars may be obtained from the Comptroller in the diocesan Treasurer's Office.

Requests for purchases and sales of shares and for investment of dividends should be accompanied by a Vestry or Bishop's Committee resolution authorizing such action.

Dividends are distributed monthly. It is customary to distribute all of the earnings of the Fund to shareholders each month as earned.

Earned income only is distributed; capital gains are reinvested to increase the value of the Fund. A shareholder wishing to convert part or all of their capital gains to cash may do so by selling a portion of the shares owned.

The Fund Investment Committee makes no charge for its share in the management and supervision of the Fund. The only charges are those specifically applicable to the operation, such as the agency fee of US Bank, printing and postage expenses, Committee expense, the annual audit fee of our certified public accountants and \$5000 reimbursement to the operating budget. This permits passing on substantially all of the earnings of the Fund to the shareholders with a minimum of shrinkage for operational costs.

INDEPENDENT AUDITORS' REPORT

Diocesan Council
Diocese of Olympia, Inc.
The James F. Hodges Diocesan Investment Fund
Seattle, Washington

We have audited the accompanying financial statements of the Diocese of Olympia, Inc. – The James F. Hodges Diocesan Investment Fund ("the Fund"), which comprise the statements of assets and liabilities and schedules of investments as of December 31, 2017 and 2016, and the related statements of operations and changes in net assets for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Fund as of December 31, 2017 and 2016, and the results of its operations and changes in its net assets for the years then ended in accordance with accounting principles generally accepted in the United States.

Peterson Sullivan LLP

May 22, 2018

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DIOCESE OF OLYMPIA, INC.
THE JAMES F. HODGES DIOCESAN INVESTMENT FUND

STATEMENTS OF ASSETS AND LIABILITIES

December 31, 2017 and 2016

ASSETS	2017	2016
Investment Income Receivable	\$ 92,310	\$ 80,240
Investments, at fair value		
Equity securities	53,021,434	46,609,806
Bonds, notes, and other	21,173,774	18,681,737
Cash equivalents	4,707,752	2,738,082
Total investments	78,902,960	68,029,625
Total assets	78,995,270	68,109,865
LIABILITIES AND NET ASSETS		
Liabilities		
Participant income payable	225,447	178,621
Investment fees payable	16,052	15,625
Total liabilities	241,499	194,246
Net Assets	\$ 78,753,771	\$ 67,915,619

See Notes to Financial Statements

DIOCESE OF OLYMPIA, INC.
THE JAMES F. HODGES DIOCESAN INVESTMENT FUND

SCHEDULE OF INVESTMENTS

December 31, 2017

EQUITY SECURITIES	Number of Shares	Fair Value
Abbot Laboratories	9,300	\$ 530,751
AbbVie Inc.	9,300	899,403
Air Products and Chemicals, Inc.	5,700	935,256
Alphabet Inc. Class A	1,103	1,161,900
Apple Inc.	6,540	1,106,764
Automatic Data Processing	8,600	1,007,834
Becton Dickinson & Co	5,200	1,113,112
Berkshire Hathaway Inc. Class B	5,800	1,149,676
Blackrock Inc.	2,485	1,276,569
Boeing Company	1,995	588,345
Chevron Corp	8,871	1,110,560
Chubb Ltd	6,255	914,043
Coca Cola Company	12,900	591,852
ConAgra Foods, Inc.	17,100	644,157
Costco Wholesale, Inc.	6,874	1,279,389
Emerson Electric	8,060	561,701
Enterprise Products Partners LP	27,400	726,374
Exxon Mobil Corp	9,845	823,436
Gilead Sciences, Inc.	8,000	573,120
Honeywell International, Inc.	7,100	1,088,856
Intel Corp	12,700	586,232
iShares S&P Mid Cap ETF	21,560	4,091,658
iShares S&P Small Cap ETF	55,150	4,236,072
Johnson & Johnson	5,200	726,544
JP Morgan Chase & Co	15,165	1,621,745
Lamb Weston Holdings Inc.	7,000	395,150
Microsoft	18,740	1,603,020
Nextera Energy Inc.	5,900	921,521
Novartis Ag A	7,200	604,512
Omnicom Group Inc.	10,000	728,300
Paccar, Inc.	12,000	852,960
Parametric Tax Managed Emerging Markets	22,067	1,153,901
Pfizer, Inc.	20,978	759,823
Procter & Gamble Co	9,424	865,877
Public Storage Inc	1,473	307,857
Qualcomm Inc.	8,700	556,974
Schlumberger Ltd	9,615	647,955
Starbucks Co	13,620	782,196
Sysco Corp	14,400	874,512
United Technologies	7,500	956,775
Vanguard Developed Markets Index	367,346	5,293,463
V F Corporation	14,884	1,101,416
Ventas Inc.	7,315	438,973
Verizon Communications, Inc.	21,500	1,137,995
Walt Disney Co	9,900	1,064,349
Wells Fargo & Co	17,950	1,089,027
Zoetis Inc	6,570	473,303
3M Co	4,530	1,066,226
Total equity securities		\$ 53,021,434

See Notes to Financial Statements

DIOCESE OF OLYMPIA, INC.
THE JAMES F. HODGES DIOCESAN INVESTMENT FUND

SCHEDULE OF INVESTMENTS
(Continued)

December 31, 2017

<u>BONDS, NOTES, AND OTHER</u>	<u>Rate of Interest</u>	<u>Maturity</u>	<u>Shares or Face Value</u>	<u>Fair Value</u>
Federal Farm Credit Bank Debenture	3.050	7/27/22	500,000	\$ 516,715
Federal Home Loan Bank Debenture	4.375	6/14/19	1,000,000	1,035,850
Federal Home Loan Bank Debenture	3.125	12/11/20	500,000	514,695
Federal Home Loan Bank Debenture	2.875	12/10/21	500,000	512,675
Federal National Mortgage Association	1.125	7/20/18	900,000	897,426
Federal National Mortgage Association	2.625	9/6/24	900,000	911,988
Fidelity Conservative Income Bond Fund	Variable	n/a	99,701	1,000,997
U.S. Treasury Note	2.250	7/31/21	1,000,000	1,005,820
U.S. Treasury Note	1.750	5/15/23	900,000	877,815
Vanguard GNMA Admiral Fund	Variable	n/a	64,220	671,743
Vanguard Intermediate-Term Investment Grade	Variable	n/a	534,420	5,210,597
Vanguard Short-Term Investment Grade	Variable	n/a	754,229	8,017,453
Total bonds, notes, and other				<u>\$21,173,774</u>
<u>CASH EQUIVALENTS</u>				
First America Prime Obligation Fund	Variable	n/a	4,707,752	<u>\$ 4,707,752</u>
Total cash equivalents				<u>\$ 4,707,752</u>

See Notes to Financial Statements

DIOCESE OF OLYMPIA, INC.
THE JAMES F. HODGES DIOCESAN INVESTMENT FUND

SCHEDULE OF INVESTMENTS

December 31, 2016

EQUITY SECURITIES	Number of Shares	Fair Value
Abbot Laboratories	9,300	\$ 357,213
AbbVie Inc.	9,300	582,366
Advansix Inc.	284	6,288
Air Products and Chemicals, Inc.	5,700	819,774
Alphabet Inc. Class A	555	439,810
Alphabet Inc. Class C	556	429,132
Apple Inc.	7,700	891,814
Automatic Data Processing	8,600	883,908
Becton Dickinson & Co	5,200	860,860
Berkshire Hathaway Inc. Class B	5,800	945,284
Blackrock Inc.	2,905	1,105,469
Boeing Company	4,750	739,480
Chevron Corp	9,735	1,145,809
Chubb Ltd	6,255	826,411
Coca Cola Company	12,900	534,834
ConAgra Foods, Inc.	17,100	676,305
Costco Wholesale, Inc.	7,180	1,149,590
Emerson Electric	8,060	449,345
Enterprise Products Partners LP	27,400	740,896
Exxon Mobil Corp	10,992	992,138
General Electric	27,200	859,520
Gilead Sciences, Inc.	8,000	572,880
Honeywell International, Inc.	7,100	822,535
Intel Corp	12,700	460,629
International Business Machines	4,865	807,541
iShares S&P Mid Cap ETF	23,400	3,868,956
iShares S&P Small Cap ETF	27,575	3,792,114
Johnson & Johnson	5,200	599,092
JP Morgan Chase & Co	15,165	1,308,588
Lamb Weston Holdings Inc.	5,700	215,745
Microsoft	22,900	1,423,006
Nextera Energy Inc.	5,900	704,814
Novartis Ag A	7,200	524,448
Omnicom Group Inc.	10,000	851,100
Paccar, Inc.	12,000	766,800
Parametric Tax Managed Emerging Markets	14,938	625,751
Pfizer, Inc.	20,978	681,365
Procter & Gamble Co	10,600	891,248
Qualcomm Inc.	8,700	567,240
Schlumberger Ltd	9,615	807,179
Starbucks Co	13,620	756,182
Sysco Corp	14,400	797,328
United Technologies	7,500	822,150
Vanguard Developed Markets Index	272,392	3,197,879
V F Corporation	14,884	794,061
Ventas Inc.	7,315	457,334
Verizon Communications, Inc.	21,500	1,147,670
Versum Materials Inc.	2,850	80,000
Walt Disney Co	9,900	1,031,778
Wells Fargo & Co	17,950	989,225
3M Co	4,530	808,922
Total equity securities		<u>\$ 46,609,806</u>

See Notes to Financial Statements

DIOCESE OF OLYMPIA, INC.
THE JAMES F. HODGES DIOCESAN INVESTMENT FUND

SCHEDULE OF INVESTMENTS
(Continued)

December 31, 2016

BONDS, NOTES, AND OTHER	Rate of Interest	Maturity	Shares or Face Value	Fair Value
Federal Farm Credit Bank Debenture	3.050	7/27/22	500,000	\$ 524,820
Federal Home Loan Bank Debenture	4.375	6/14/19	1,000,000	1,071,190
Federal Home Loan Bank Debenture	3.125	12/11/20	500,000	525,215
Federal Home Loan Bank Debenture	2.875	12/10/21	500,000	519,005
Federal National Mortgage Association	1.125	7/20/18	900,000	900,018
Federal National Mortgage Association	2.625	9/6/24	900,000	908,712
Fidelity Conservative Income Bond Fund	Variable	n/a	99,701	1,000,000
U.S. Treasury Note	2.250	7/31/21	1,000,000	1,015,660
U.S. Treasury Note	1.750	5/15/23	900,000	876,582
Vanguard GNMA Admiral Fund	Variable	n/a	64,220	676,881
Vanguard Intermediate-Term Investment Grade	Variable	n/a	391,854	3,777,473
Vanguard Short-Term Investment Grade	Variable	n/a	647,806	6,886,181
Total bonds, notes, and other				<u>\$ 18,681,737</u>
 CASH EQUIVALENTS				
First America Prime Obligation Fund	Variable	n/a	2,738,082	<u>\$ 2,738,082</u>
Total cash equivalents				<u>\$ 2,738,082</u>

See Notes to Financial Statements

DIOCESE OF OLYMPIA, INC.
THE JAMES F. HODGES DIOCESAN INVESTMENT FUND

STATEMENTS OF OPERATIONS
For the Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Investment Income		
Dividends and interest	\$ 1,718,048	\$ 2,069,127
Securities lending and other income	<u>3,161</u>	<u>19,008</u>
Total investment income	1,721,209	2,088,135
Expenses		
Agency fees	63,230	77,686
Audit and accounting fees	11,400	12,400
Printing and postage	250	800
Miscellaneous expense	<u>1,917</u>	<u>713</u>
Total expenses	<u>76,797</u>	<u>91,599</u>
Excess investment income over expenses	1,644,412	1,996,536
Realized and Unrealized Investment Gain		
Net realized investment gain	1,926,638	226,718
Net unrealized investment gain	<u>5,259,301</u>	<u>3,899,167</u>
Net gain on investments	<u>7,185,939</u>	<u>4,125,885</u>
Change in net assets resulting from operations	<u><u>\$ 8,830,351</u></u>	<u><u>\$ 6,122,421</u></u>

See Notes to Financial Statements

DIOCESE OF OLYMPIA, INC.
THE JAMES F. HODGES DIOCESAN INVESTMENT FUND

STATEMENTS OF CHANGES IN NET ASSETS
For the Years Ended December 31, 2017 and 2016

	2017	2016
Change in Net Assets Resulting from Operations	\$ 8,830,351	\$ 6,122,421
Distributions of Dividends Paid to Shareholders	(1,681,136)	(1,998,979)
Capital Share Transactions		
Proceeds from shareholder purchases and dividends reinvested	6,137,329	5,400,630
Shareholder redemptions	(2,448,392)	(2,829,040)
Increase in net assets resulting from capital share transactions	3,688,937	2,571,590
Change in net assets	10,838,152	6,695,032
Net Assets, beginning of year	67,915,619	61,220,587
Net Assets, end of year	\$ 78,753,771	\$ 67,915,619

See Notes to Financial Statements

NOTES TO FINANCIAL STATEMENTS

Note 1. Organization and Significant Accounting Policies

The Diocese of Olympia, Inc. ("the Diocese") is a Diocese of the Domestic and Foreign Missionary Society of the Protestant Episcopal Church in the United States of America ("the Episcopal Church"). The Diocese includes all Episcopal churches in Western Washington.

The James F. Hodges Diocesan Investment Fund ("the Fund") was organized in 1951 as an investment pool for the endowments of the Diocese and its parishes, missions, and related institutions. The Fund's current name was adopted in 1987.

The Fund's investment strategy is to balance the need for current income and growth in asset value to offset inflation by investing in a mixture of equity and debt securities. The securities are currently held by U.S. Bank. The Diocesan Investment Committee makes investment decisions. The funds are not federally insured.

The Diocese has funds other than the Fund, which are called the Operating Funds, Trust Funds, and the Building Loan, Mission Development, and Real Estate Funds. These funds are included in separate financial statements.

Financial Statement Presentation

The Fund follows the accounting policies of an investment pool, in accordance with accounting principles generally accepted in the United States. Securities are valued at fair value based on closing sales prices reported on recognized securities exchanges on the last business day of the year (see Note 2).

Securities transactions are accounted for on a trade-date basis. Realized gains and losses from securities transactions are reported on a specific identification basis. The Fund distributes net cash investment income to shareholders monthly, but net capital gains are reinvested. Shareholders may reinvest dividends, or purchase or redeem shares on a monthly basis only.

Requests for purchases are administered by the Diocese, which collects funds for purchases in the current month and then remits the funds to U.S. Bank in the subsequent month. Shares are purchased at the net asset value at the beginning of the month after U.S. Bank receives the funds. At December 31, 2017 and 2016, the Diocese held \$102,701 and \$11,495 in funds for purchase in January 2018 and 2017, respectively. These amounts are not included in the financial statements until shares are purchased. They are included in the financial statements of the Diocese.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Concentrations

Investments in the Vanguard short-term investment grade bond fund represent 10% of total investments at both December 31, 2017 and 2016.

Taxes

The Diocese is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. It is not required to file a federal tax return.

Reclassifications

Certain items from the December 31, 2016, financial statements have been reclassified to conform to the current presentation. These reclassifications had no impact on net assets or changes in net assets as previously reported.

Subsequent Events

The Fund has evaluated subsequent events through the date these financial statements were available to be issued, which was May 22, 2018.

Note 2. Fair Value Measurement

Fair value is defined as an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or liability.

The fair value of all investments was determined using Level 1 observable inputs (quoted prices in active markets for identical assets) within the fair value hierarchy using quoted market rates.

Note 3. Unrealized Appreciation (Depreciation)

Unrealized appreciation (depreciation) on investments was as follows at December 31, 2017:

	Cost	Fair Value	Unrealized Appreciation (Depreciation)
Equity securities	\$ 26,714,266	\$ 53,021,434	\$ 26,307,168
Bonds, notes, and other	21,239,559	21,173,774	(65,785)
Cash equivalents	4,707,752	4,707,752	
	<u>\$ 52,661,577</u>	<u>\$ 78,902,960</u>	<u>\$ 26,241,383</u>

Unrealized appreciation (depreciation) on investments was as follows at December 31, 2016:

	Cost	Fair Value	Unrealized Appreciation (Depreciation)
Equity securities	\$ 25,603,462	\$ 46,609,806	\$ 21,006,344
Bonds, notes, and other	18,706,159	18,681,737	(24,422)
Cash equivalents	2,738,082	2,738,082	
	<u>\$ 47,047,703</u>	<u>\$ 68,029,625</u>	<u>\$ 20,981,922</u>

Note 4. Shareholders

The Fund's investment pool activity is as follows:

	<u>Number of Shares</u>	<u>Per Share Value</u>
Shares outstanding, December 31, 2015	264,711	<u>\$ 231</u>
Shares purchased and dividends reinvested	22,863	
Shares redeemed	<u>(11,958)</u>	
Shares outstanding, December 31, 2016	275,616	<u>\$ 246</u>
Shares purchased and dividends reinvested	23,740	
Shares redeemed	<u>(9,429)</u>	
Shares outstanding, December 31, 2017	<u>289,927</u>	<u>\$ 272</u>

Note 5. Related Party Transaction

The Fund is charged approximately \$5,000 per year for the common expenses paid by the Diocese.

Note 6. Investment Policy – Tobacco Stocks

In accordance with the investment policy recommended by the Executive Council of the Episcopal Church, the Fund does not invest in securities issued by companies that manufacture and distribute tobacco products.

Congregations and Institutions Participating

Aberdeen, St. Andrew
Allyn, St. Hugh of Lincoln
Anacortes, Christ Episcopal Church
Auburn, St. Matthew-San Mateo

Bainbridge, Grace Church
Bainbridge, St. Barnabas
Bellevue, All Saints
Bellevue, Church of the Resurrection
Bellevue, St. Margaret
Bellingham, St. Paul
Bremerton, St. Paul
Burien, St. Elizabeth

Camano Island, St. Aidan
Castle Rock, St. Matthew
Cathlamet, St. James
Cathlamet, St. James Family Center
Chehalis, St. Timothy

Eastsound, Emmanuel Episcopal Parish
Edmonds, St. Alban
Elma, St. Luke
Episcopal Retirement Community Foundation

Federal Way, Church of the Good Shepherd

Hoodsport, St. Germain

Issaquah, St. Michael and All Angels

Kenmore, Church of the Redeemer
Kent, St. James
Kingston, Faith Episcopal

Lacey, St. Benedict
Longview, St. Stephen

Maple Valley, St. George
Marysville, St. Philip
Medina, St. Thomas Legacy Foundation
Mercer Island, Emmanuel Episcopal Church
Montesano, St. Mark
Mount Vernon, St. Paul

Oak Harbor, St. Stephen
Olympia, St. John

Port Angeles, St. Andrew
Port Orchard, St. Bede
Port Townsend, St. Paul
Puyallup, Christ Church

Seattle, Christ Church
Seattle, Church of the Ascension
Seattle, Diocese of Olympia
Seattle, Epiphany Parish of Seattle
Seattle, Little Sisters of St. Clare
Seattle, St. Andrew
Seattle, St. Clement of Rome
Seattle, St. John the Baptist
Seattle, St. Mark Cathedral
Seattle, Cathedral Foundation
Seattle, St. Paul
Seattle, St. Peter
Seattle, Trinity Church
Seaview, St. Peter
Sequim, St. Luke
Shelton, St. David of Wales
Shoreline, St. David Emmanuel
Silverdale, St. Antony of Egypt
Snohomish, St. John
Snoqualmie, St. Clare
South Bend, St. John

Tacoma, All Saints
Tacoma, Annie Wright School
Tacoma, Christ Church
Tacoma, St. Andrew
Tacoma, St. Luke memorial Church
Tacoma, St. Matthew

Vancouver, All Saints
Vancouver, Church of the Good Shepherd
Vancouver, St. Luke
Vashon, Church of the Holy Spirit

Washougal, St. Anne

Palm Springs-CA, St. Paul's of the Desert