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Donations

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Diocesan Investment Trust Quarterly Report December 2025

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Performance Summary

Performance by Quarter	12/31/2025	9/30/2025	6/30/2025	3/31/2025	Total Assets by Fund	12/31/2025
DIT Income Fund					DIT Income Fund	\$112,078,610
Share Price	\$8.34	\$8.29	\$8.15	\$8.10		
Dividend Rate	\$0.04	\$0.05	\$0.05	\$0.05		
DIT Stock Fund					DIT Stock Fund	\$176,933,119
Share Price	\$355.28	\$351.48	\$333.85	\$300.69		
Dividend Rate	\$2.60	\$0.89	\$0.84	\$0.71		
DIT Fossil Fuel Free Fund					DIT Fossil Fuel Free Fund	\$43,879,343
Share Price	\$275.02	\$268.90	\$250.30	\$225.73		
Dividend Rate	\$0.84	\$0.86	\$1.13	\$0.79	Total Assets	\$332,891,072

Total Returns ¹	4th Qtr	YTD	1 Year	3 Years	5 Years	7 Years	10 Years
DIT Total Fund (Combined Agency & Trust Funds)	1.6%	14.0%	14.0%	13.8%	7.6%	9.9%	8.3%
DIT Total Fund (Trust Funds Only)²	1.7%	14.5%	14.5%	14.3%	8.1%	10.3%	8.7%
<i>Policy Index³</i>	2.4%	15.9%	15.9%	14.5%	7.3%	10.1%	8.6%
DIT Income Fund	1.1%	8.1%	8.1%	5.7%	0.8%	3.4%	2.9%
<i>Bloomberg U.S. Aggregate</i>	1.1%	7.3%	7.3%	4.7%	-0.4%	2.0%	2.0%
DIT Stock Fund	1.9%	17.7%	17.7%	19.1%	11.8%	13.6%	11.3%
<i>DIT Stock Fund Policy Index⁴</i>	3.1%	20.5%	20.5%	20.1%	11.5%	14.3%	12.0%
DIT Fossil Fuel Free Fund⁵	2.7%	19.4%	19.4%	21.5%	12.2%	15.7%	13.4%
<i>85% Russell 3000/15% MSCI EAFE (Net)</i>	2.8%	19.2%	19.2%	21.5%	12.6%	15.8%	13.4%

¹ Performance is preliminary and gross of custody fees, consulting fees, administrative fees, and investment management fees for separately managed accounts and commingled vehicles, but net of mutual fund and ETF investment management fees. Total returns reflect the change in unit values and assume automatic reinvestment of dividends.

² Represents returns for Trust Funds, with the Stock Fund/Income Fund asset allocation directed by TOD Investment Committee. Performance is a weighted return calculated using monthly beginning asset allocation and DIT Stock and Income Fund returns.

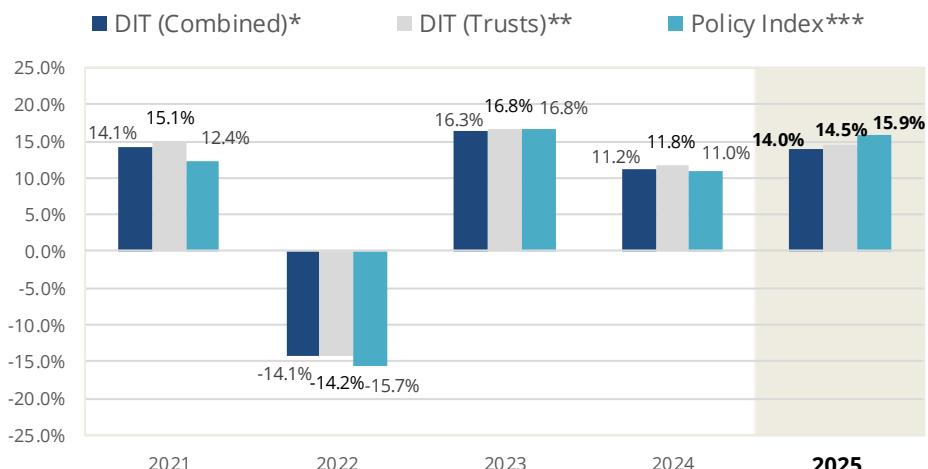
³ Policy Index is currently 52% S&P 500/13% MSCI EAFE (Net)/35% Blbg U.S. Agg. From August 2020 through December 2024, it was 42% Russell 3000/23% MSCI EAFE (Net)/35% Blbg U.S. Agg. Prior to August 2020 it was 65% MSCI ACWI (Net)/35% Blbg U.S. Agg.

⁴ DIT Stock Fund Policy Index is currently 80% S&P 500 / 20% MSCI EAFE (Net). From August 2020 through December 2024, it was 65% Russell 3000/35% MSCI EAFE (Net). Prior to August 2020, it was the MSCI ACWI (Net).

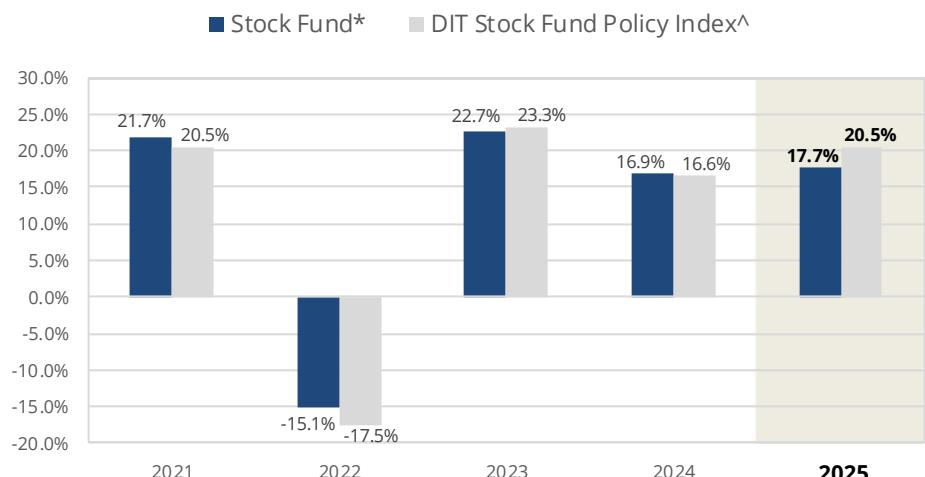
⁵ Inception Nov. 2015. Passively managed; will outperform benchmark during periods of energy sector stocks lagging other market sectors due to fossil fuel company underweight.

Calendar Year Performance

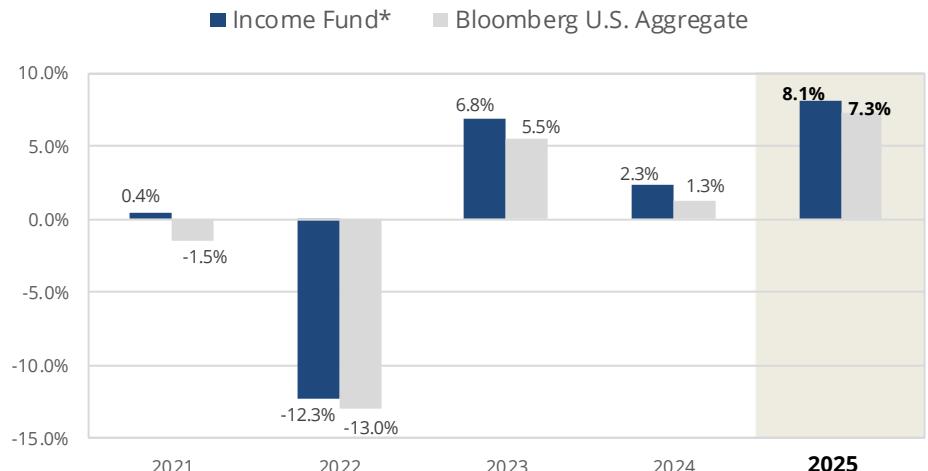
DIT Total Fund



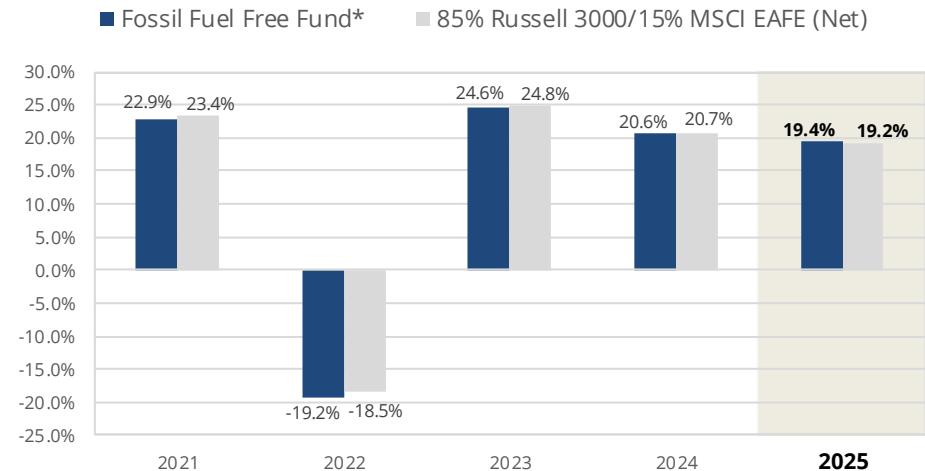
DIT Stock Fund



DIT Income Fund



DIT Fossil Fuel Free Fund^{^^}



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[^]DIT Stock Fund Policy Index is currently 80% S&P 500 / 20% MSCI EAFE (Net). From August 2020 through December 2024, it was 65% Russell 3000/35% MSCI EAFE (Net). Prior to August 2020, it was the MSCI ACWI (Net).

^{^^}Inception Nov. 2015. Passively managed; will outperform benchmark during periods of energy sector stocks lagging other market sectors due to fossil fuel company underweight.



Dear DIT Participant:

The DIT Total Fund, comprised of the Stock and Income Funds, gained 1.7% (gross)* in the fourth quarter, underperforming the index** by 70 bps. The DIT Income Fund (+1.1%) matched the Bloomberg U.S. Aggregate Index, but the DIT Stock Fund (+1.9%) underperformed the 80% S&P 500/20% MSCI EAFE Index (+3.1%) by 120 bps.

Domestic equities were up for the third consecutive quarter to finish 2025 with double digit gains. The S&P 500 Index, representing large cap stocks, increased 2.7% in the fourth quarter and 17.9% for the year, while the broader Russell 3000 Index was up 2.4% in the quarter and 17.1% in the year. Large cap stocks outperformed mid and small cap stocks in the quarter. Value stocks rallied during the fourth quarter and outperformed growth stocks. The Russell 3000 Value Index was up 3.8% and the Russell 3000 Growth Index was up 1.1%. Value's outperformance was mainly due to healthcare (+11.7%), easily the best performing sector, while financials (+2.1%) also helped. Overall, eight of eleven GICS sectors posted gains during the quarter. Domestic equity markets remain highly concentrated in a handful of growth names tied to the Artificial Intelligence theme.

The developed non-U.S. equity markets posted a gain for the fourth straight quarter with the MSCI EAFE Index climbing 4.9%. This pushed the benchmark's 2025 return to 31.2%. Internationally, value continued to outpace growth during the quarter, as the MSCI EAFE Value Index gained 7.8% versus the MSCI EAFE Growth Index's 1.9% return. This was predominately due to the financials sector (+8.9%), as banks gained 11.5%. In aggregate, the region had broad sector participation for the quarter, with 10 out of 11 sectors experiencing positive performance. At the country level, Austria (+17.9%), Finland (+14.3%), Ireland (+14.2%), and Spain (+13.2%) were the top performers during the quarter.

During the fourth quarter, the Federal Open Markets Committee (FOMC) cut rates by 25 bps in October and 25 bps in December, bringing the policy rate down to a target range of 3.50-3.75%. Going forward, the Summary of Economic Projections show resilient growth in 2026 with slow improvements in inflation and, as a result, policy makers only forecast one rate cut in 2026. Treasury yields from the 3-month Treasury Bill to the 2-year Treasury note fell, but yields from the 10-year point and further out increased, leading to a steepening of the yield curve. Credit spreads remained tight except for a small decline in high yield spreads and a modest increase in investment-grade corporate spreads. The Bloomberg U.S. Aggregate Index gained 1.1% in the fourth quarter, bringing the 2025 return to 7.3%.

The DIT Stock Fund underperformed the 80% S&P 500 /20% MSCI EAFE Index in the fourth quarter due to domestic equity (+0.8%) trailing the S&P 500 Index by 190 bps, as the John W. Bristol Equity account (+2.1%), Westfield Large Cap Growth account (0.0%), Dodge & Cox Stock Fund (+2.5%), Vanguard Mid Cap Index Fund (-0.8%), and Wasatch Small Cap Value Fund (-3.8%) underperformed. International equity (+5.6%) outperformed the MSCI EAFE Index by 70 bps due to the Vanguard FTSE Developed Markets ETF (+6.0%) and Avantis International Small Cap Value Fund's (+7.1%) strong returns. MFS International Equity Fund (+3.3%) was the only manager to underperform.

In general, 2025 was a tough year for domestic equity active management. The S&P 500 Index (+17.9%) performed in the top 21% of all U.S. equity managers during the year, outperforming 79% of managers in the peer universe. The Russell 1000 Index (+17.4%) also ended the year in the top 24% of U.S. equity managers.

In 2025, the Stock Fund experienced relative underperformance as a result of broad market dynamics in which a highly concentrated passive index environment challenged most active managers. While the S&P 500 and Russell 1000 Indices are often viewed as diversified representations of the equity market, current levels of concentration—nearly 39% of the S&P 500 Index and over 35% of the Russell 1000 Index in the top 10 names—raise reasonable questions about diversification and valuation risk, particularly given the high correlation and elevated pricing of the "Magnificent 7" and other artificial intelligence technology stocks. The Stock Fund also includes a modest allocation to mid and small cap stocks to enhance diversification, but smaller-size stocks also broadly underperformed the S&P 500 Index during the year. The Russell Mid Cap Index gained 10.6% and the Russell 2000 Index gained 12.8%.

TOD's investment approach prioritizes risk-adjusted returns over short-term index tracking, seeking to avoid excessive exposure to concentrated market bets that may increase volatility and downside risk. Importantly, this discipline has supported long-term outcomes: over the past 10 years, the DIT Fund has delivered an annualized real return of approximately 4.5% (net of fees and inflation), exceeding TOD's long-term investment objective of a 4% real return. This result underscores TOD's focus on prudent diversification, valuation awareness, and sustainable long-term stewardship rather than short-term performance driven by narrow market leadership.

The DIT Income Fund matched the Bloomberg U.S. Aggregate Index during the fourth quarter. The IR&M Core Plus Bond SRI account (+1.2%) outperformed the benchmark by 10 bps, while the Loomis Sayles Core Plus SRI Fund (+1.1%) mirrored its return. The BrandywineGLOBAL – High Yield Fund (+0.6%) trailed the broad index by 50 bps.

The passively managed DIT Fossil Fuel Free Stock Fund (+2.7%) underperformed the blended 85% Russell 3000/15% MSCI EAFE Index (+2.8%) by 10 bps. Aperio's lack of exposure to fossil fuels hurt relative results, as the energy sector (+1.5%) was one of the better performers in the Russell 3000 Index and Aperio partially offset that overweight with modest overweights to industrials (+0.9%), materials (+1.1%), and utilities (-1.4%).

In mid-October, the TOD Investment Committee redeemed \$5.0M from the Dodge & Cox Stock Fund and \$3.0M from the MFS International Equity Fund. The proceeds were reinvested with the John W. Bristol Equity account, \$4.0M, and the Westfield Large Cap Growth account, \$4.0M. Increasing the allocation to U.S. large cap core and growth, repositioned the Stock Fund more in line with the S&P 500 benchmark to address increased volatility and recent underperformance. In the DIT Income Fund, the BrandywineGLOBAL – High Yield Fund was fully redeemed at year-end.

The fee for combined management, consulting, custody, and accounting services for DIT Stock Fund investments is 72 basis points annually, the fee for DIT Income Fund Investments is 35 basis points annually, and the fee for DIT Fossil Fuel Free Stock Fund Investments is 47 basis points annually. There are no additional or underlying fees on your DIT investments.

The Trustees currently recommend a 65% Stock Fund/35% Income Fund allocation for investments in the DIT. We respectfully remind DIT participants that they can delegate to us responsibility for maintaining the allocation of their agency funds or, if preferred, specify an allocation where their agency funds will be automatically restored on a quarterly basis. We would also encourage DIT participants who have not already done so to review their current agency fund allocations.

As always, we welcome invitations from parishes and affiliated organizations to discuss existing or prospective investments in the DIT. A meeting with TOD representatives can be arranged by contacting the DIT's Investment Coordinator, Bill Boyce, at 617-482-4826, x557, or bboyce@diomass.org.

*Gross of custody fees, consulting fees, administrative fees, and investment management fees for separately managed accounts and commingled vehicles, but net of mutual fund and ETF investment management fees.

**52% S&P 500/13% MSCI EAFE/35% Blbg U.S. Agg.

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Income Research & Management, LLC
Loomis Sayles & Company, LP

Stock Fund:

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Westfield Capital Management, LLP
Dodge & Cox
Wasatch Global Investors
The Vanguard Group, Inc.
MFS Investment Management
Avantis Investors

Diocesan Fossil Fuel Free Fund:

Aperio Group, LLC

Trustees of Donations to the Protestant Episcopal Church

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