

The Episcopal Church Foundation in West Texas Investment Program

QUARTERLY REPORT

June 30, 2010

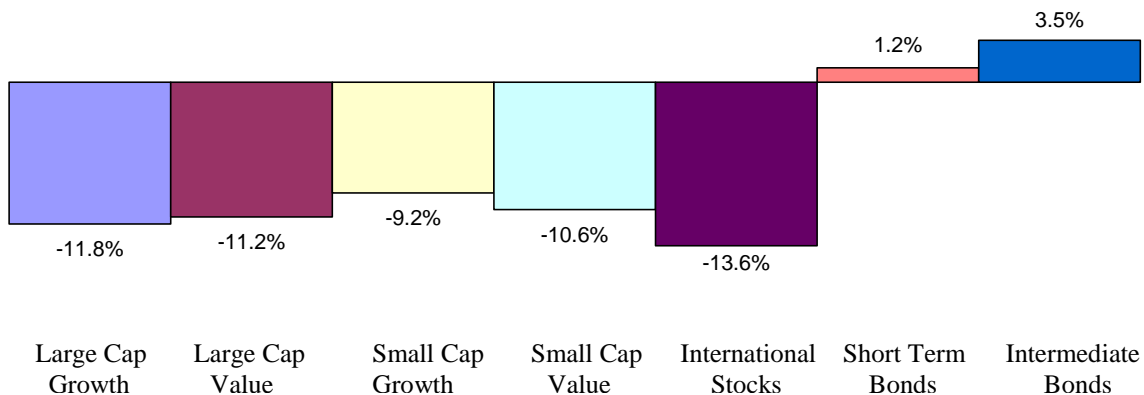
Market Report

After four quarters of investment gains—some quite substantial—the world’s stock markets turned negative in the quarter just ended. At various times during the quarter, the US stock market experienced a 10% correction, highlighted by the “flash crash” on May 6th. Economic data was mixed, and the news was generally bad—the BP oil spill in the Gulf, the European debt crisis, stubborn unemployment, and declining consumer confidence. While bad for stocks, this angst was positive for bonds, especially US Treasuries.

The Russell 3000 index, a proxy for the US stock market, lost 11.3% for the quarter. Small capitalization stocks outperformed large cap stocks by 150 basis points. As shown below, the value style outperformed the growth style in the large capitalization category, while small growth outperformed small value. International stocks performed worse than domestic stocks, with a loss in excess of 13.5%.

As shown below, bonds enjoyed a very good quarter. US Treasuries had an exceptionally strong quarter, with long term Treasuries gaining over 12%.

Market Returns for Quarter



Model Portfolio Review

Three of the four of the Foundation's model portfolios sustained losses this quarter. Performance for the model portfolios ranged from a gain of 0.6% for the Capital Maintenance model to a loss of 6.2% for the Growth model.

Performance of the models compared to their respective peer groups was generally favorable for the quarter, while the performance compared to passive indices was generally unfavorable. Longer term comparisons remain favorable compared to peer groups and indices.

Details of the performance of the four models are shown below.

Asset Class Investment Results

The Foundation's performance this quarter for the three assets classes in which it invests, along with comparative benchmark returns, are shown in the following table.

Asset Class	Return	Benchmark
Common Stocks	-11.4%	-11.3%
Fixed Income	2.6%	3.5%
Cash Equivalents	0.01%	0.01%

Account Status

Total Foundation assets at quarter-end were \$38.4 million, a decrease of \$3.2 million during the quarter. Investment losses totaled \$2.2 million or -5.3%. Three new accounts were adding during the quarter, with initial deposits of \$358 thousand.

At quarter-end the Foundation had a total of 146 accounts as follows:

Ownership	Number of Accounts	Amount
Churches/Schools	89	\$ 16.0 million
Diocese	57	22.4 million

Portfolio Performance as of June 30, 2010*

Growth	3 Mo	1 Yr	3 Yr	5 Yr
Portfolio Total Return	(6.23)	12.91	(2.25)	3.18
<i>+/- Peer Group Composite</i>	0.42	1.06	2.42	2.26
<i>+/- Index Composite</i>	0.11	0.67	2.13	0.85

Growth & Income	3 Mo	1 Yr	3 Yr	5 Yr
Portfolio Total Return	(4.69)	12.05	0.21	3.56
<i>+/- Peer Group Composite</i>	0.33	0.62	2.75	2.20
<i>+/- Index Composite</i>	(0.02)	0.94	2.10	0.88

Income	3 Mo	1 Yr	3 Yr	5 Yr
Portfolio Total Return	(2.83)	10.60	2.21	4.14
<i>+/- Peer Group Composite</i>	0.28	0.47	3.27	2.39
<i>+/- Index Composite</i>	(0.11)	1.16	1.88	0.91

Capital Maintenance	3 Mo	1 Yr	3 Yr	5 Yr
Portfolio Total Return	0.62	4.16	4.27	3.98
<i>+/- Peer Group Composite</i>	(0.03)	0.54	1.80	1.04
<i>+/- Index Composite</i>	(0.28)	1.56	0.98	0.42

* Returns for one year and greater than one year are annualized. Past performance does not guarantee future results.