

The Episcopal Church Foundation in West Texas Investment Program

QUARTERLY REPORT

December 31, 2011

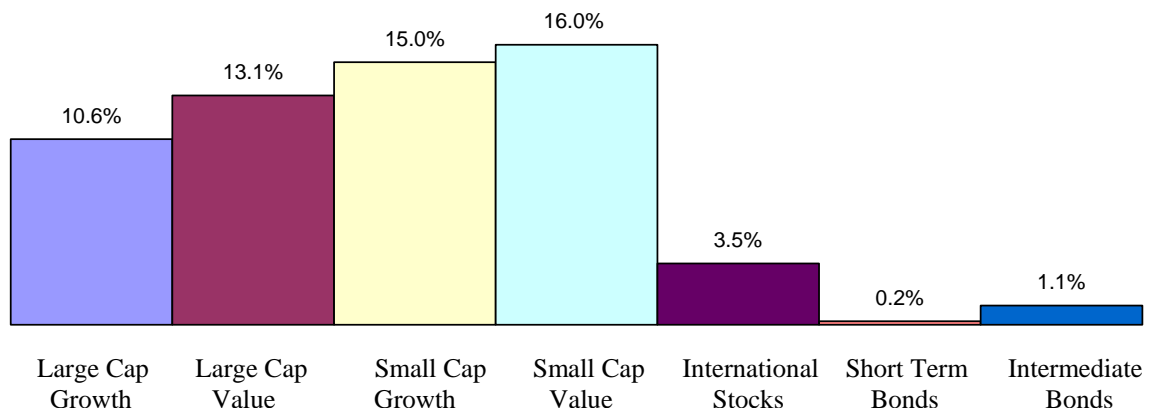
Market Report

After painful losses in the September quarter, the US stock market came roaring back in the fourth quarter with its best performance in the last two years. The Russell 3000 index achieved a gain of 12.1%, compared to a loss of 15.3% in the prior quarter. The impressive gains in the fourth quarter were sufficient to enable domestic stocks to achieve a small gain for the entire year. International stocks performed significantly better in the fourth quarter than in the third quarter, but still lost 12% for the year.

Common stocks achieved significant gains across all capitalization ranges and across all styles. Small capitalization stocks outperformed large cap stocks by 383 basis points. The value style outperformed the growth style in both large cap and small cap categories.

The bond market's performance in the December quarter was not as robust as it was in the third quarter, but was positive nevertheless. As measured by the BarCap Aggregate index, the bond market achieved a gain of 1.1% for the quarter. For the year, bonds gained 7.8% and outperformed stocks by over 675 basis points.

Market Returns for Quarter



Model Portfolio Review

All of the Foundation's model portfolios achieved gains for the quarter—ranging from 0.6% for Capital Maintenance to 7.8% for the Growth Model. Likewise for the year, all models achieved gains, with the Income Model achieving the largest gain—1.9%

Performance of the models compared to their respective peer groups was favorable for the quarter, and with one exception (Growth Model) favorable compared to passive indices. Performance compared to both peer groups and passive indices was generally favorable for longer time periods included in the report.

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 | 10.8% | 12.1% |
| Fixed Income | 2.1% | 1.1% |
| Cash Equivalents | 0.0% | 0.0% |

Account Status

Total Foundation assets at quarter-end were \$46.2 million, an increase of \$2.7 million during the quarter. Investment gains totaled \$2.8 million or 6.4%. One new account was added during the quarter, with an initial deposit of \$97 thousand.

At quarter-end the Foundation had a total of 165 accounts as follows:

| Ownership | Number of Accounts | Amount |
|------------------|---------------------------|-----------------|
| Churches/Schools | 107 | \$ 21.5 million |
| Diocese | 58 | 24.7 million |

Portfolio Performance as of December 31, 2011*

| Growth | 3 Mo | 1 Yr | 3 Yr | 5 Yr |
|---------------------------------|-------------|-------------|-------------|-------------|
| Portfolio Total Return | 7.76 | 0.34 | 11.07 | 2.80 |
| <i>+/- Peer Group Composite</i> | 0.33 | 1.79 | 0.50 | 2.03 |
| <i>+/- Index Composite</i> | (0.10) | (0.20) | 0.37 | 1.32 |

| Growth & Income | 3 Mo | 1 Yr | 3 Yr | 5 Yr |
|---------------------------------|-------------|-------------|-------------|-------------|
| Portfolio Total Return | 6.13 | 1.34 | 10.37 | 3.72 |
| <i>+/- Peer Group Composite</i> | 0.36 | 1.14 | 0.36 | 1.98 |
| <i>+/- Index Composite</i> | 0.03 | 0.80 | 0.61 | 1.15 |

| Income | 3 Mo | 1 Yr | 3 Yr | 5 Yr |
|---------------------------------|-------------|-------------|-------------|-------------|
| Portfolio Total Return | 4.67 | 1.85 | 8.68 | 4.19 |
| <i>+/- Peer Group Composite</i> | 0.38 | 0.66 | 0.21 | 2.19 |
| <i>+/- Index Composite</i> | 0.21 | (0.90) | 0.83 | 0.99 |

| Capital Maintenance | 3 Mo | 1 Yr | 3 Yr | 5 Yr |
|---------------------------------|-------------|-------------|-------------|-------------|
| Portfolio Total Return | 0.62 | 1.07 | 2.97 | 3.32 |
| <i>+/- Peer Group Composite</i> | 0.29 | (0.17) | 0.44 | 1.05 |
| <i>+/- Index Composite</i> | 0.37 | (0.67) | 1.11 | 0.48 |

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