Diocese of Toledo Catholic Foundation

INVESTMENT POLICY STATEMENT

August 2, 2011

DEFINITIONS

1. **"Plan"** shall mean the Diocese of Toledo Catholic Foundation.

2. **"Board"** shall refer to the Diocese of Toledo Foundation Board of Trustees established to administer the Plan as specified in this statement.

3. **"Investment Manager"** shall mean any individual, group of individuals, or organization employed to manage the investments of all or part of the Plan assets.

4. **"Investment Consultant"** shall mean any individual or organization employed to provide advisory services, including advice on investment objectives and/or asset allocation, Investment Manager search, and performance monitoring.

5. **"Securities"** shall refer to the marketable investment securities, which are defined as acceptable in this Statement of Investment Policy.

6. **"Investment Horizon"** shall be the time period over which the investment objectives, as set forth in this statement, are expected to be met. The investment horizon for evaluating Investment Managers is a three to five (3-5) year economic cycle and the Plan's liabilities will be in excess of 30 years.

GENERAL PHILOSOPHY

The Plan portfolio seeks a balance of income and growth to support the underlying entities within the Plan's portfolio. The Plan offers its constituents five investment pools to invest. Donations and other sources of cash shall be invested in effort to obtain a reasonable total rate of return – defined as income plus realized and unrealized capital gains and losses. The wealth generated by the Plan's investments shall be used to support the mission of delivering services consistent with the policies of the Plan.

Since the Plan is an entity related to the ongoing work of the Catholic Church, the investments are expected to meet the highest standards of moral and ethical practices.

SCOPE OF THIS INVESTMENT POLICY STATEMENT

This statement reflects the investment policy, objectives, responsibilities and constraints of the Plan. This statement is structured to ensure good financial stewardship of the Plan's assets.

PURPOSE OF THIS INVESTMENT POLICY STATEMENT

This statement is set forth by the Board in order to:

1. Define and assign the responsibilities of all involved parties.

2. Establish a clear understanding for all involved parties of the investment goals and objectives for Plan assets.

3. Offer guidance and limitations to all Investment Managers regarding the investment of Plan assets.

4. Establish a basis for evaluating investment results.

5. Establish the relevant investment for Plan assets.

In general, the purpose of this statement is to outline a philosophy and attitude, which will guide the investment management of the assets toward the desired results. It is intended to be sufficiently specific in order to be meaningful, yet flexible enough in order to be practical.

DELEGATION OF AUTHORITY

The Board is a fiduciary, and is responsible for directing and monitoring the investment management of Plan assets. As such, the Board is authorized to delegate certain responsibilities to professional experts in various fields. These include, but are not limited to:

1. **Investment Consultant(s).** The Investment Consultant may assist the Board in: establishing investment policy, objectives, and guidelines; developing an asset allocation strategy; selecting Investment Managers; reviewing such Investment Managers over time; measuring and evaluating investment performance; and other tasks as deemed appropriate.

2. **Investment Manager(s).** The Investment Manager has discretion to purchase, sell, or hold the specific securities that will be used to meet the Plan's investment objectives and that comply with this Investment Policy Statement.

3. **Custodian(s).** The Custodian will physically (or through agreement with a sub-custodian) maintain possession of securities owned by the Plan, collect dividend and interest payments, redeem maturing securities, and effect receipt and delivery following purchases and sales. The Custodian may also perform regular accounting of all assets owned, purchased, or sold, as well as movement of assets into and out of the Plan accounts.

The Board will not reserve any control over investment decisions, with the exception of specific limitations described in these statements. Investment Managers will be held responsible and accountable to follow policy and achieve the objectives herein stated. While it is believed that the limitations will not hamper Investment Managers, each Investment Manager should request modifications if and when they deem them appropriate.

If such experts employed are also deemed to be fiduciaries, they must acknowledge such in writing.

All expenses for such experts must be customary and reasonable, and will be borne by the Plan as deemed appropriate and necessary.

ASSIGNMENT OF RESPONSIBILITY

Responsibilities of the Board

The Board is charged with the responsibility for the management of the assets of the Plan. The Board shall discharge its duties solely in the interest of the Plan, its participants, and beneficiaries with the care, skill, prudence, and diligence under the circumstances then prevailing, that a prudent man, acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character with like aims. The specific responsibilities of the Board relating to the investment management of Plan assets include:

1. Determining the Plan's risk tolerance and investment horizon, and communicating these to the appropriate parties.

2. Establishing reasonable and consistent investment objectives, policies and guidelines, which will direct the investment of the Plan's assets.

3. Prudently and diligently selecting qualified investment professionals, including Investment Manager(s), Investment Consultant(s), and Custodian(s).

4. Regularly evaluating the performance of the Investment Manager(s) to assure adherence to policy guidelines and monitoring investment objective progress.

5. Developing and enacting proper control procedures such as: providing for the safeguarding of Plan assets; providing for the accounting of assets, liabilities, income, and expenses; providing for an annual examination by certified public accountants; and replacing Investment Manager(s) due to fundamental change in investment management process, or failure to comply with established guidelines, or poor performance.

6. Report quarterly to the Bishop of Toledo on the investment performance and financial condition of the Plan.

Responsibilities of the Investment Consultant(s)

1. Assisting in the development and periodic review of investment policy.

2. Conducting Investment Manager searches when requested by the Board.

3. Providing "due diligence," or research, on the Investment Manager(s).

4. Monitoring the performance of the Investment Manager(s) to provide the Board with the ability to determine the progress toward the investment objectives.

5. Communicating the matters of policy, Investment Manager research, and Investment Manager performance to the Board on a quarterly basis.

6. Reviewing Plan investment history, historical capital markets performance and the contents of this investment policy statement with the Board as requested by the Board.

Responsibilities of the Investment Manager(s)

Each Investment Manager will have full discretion to make all investment decisions for the assets placed under its jurisdiction, while observing and operating within all general investment principles and all policies, guidelines, constraints, and philosophies as specifically applicable to Investment Managers and outlined in this Statement of Investment Policy. Specific responsibilities of the Investment Manager(s) include:

1. Discretionary investment management decisions including to buy, sell, or hold individual Securities, and to alter asset allocation within the guidelines established in this Statement of Investment Policy.

2. Complying with any and all regulatory requirements as they pertain to fiduciary duties and responsibilities.

3. Reporting on a monthly, quarterly, and annual basis the investment performance results of the Plan assets managed by the Investment Manager to the Investment Consultant and to the Board. Presenting to the Board upon request an annual review of performance, economic outlook, investment strategy and tactics, organizational changes of personnel responsible for managing the Plan assets, risk, and rate of return estimates.

4. Communicating any major changes to economic outlook, investment strategy, or any other factors, which affect implementation of investment process, or the investment objective progress of the Plan's investment management. Any material changes in the ownership, investment management style of the Plan assets managed by the Investment Manager, or key personnel of management should be forwarded in writing to the Board.

5. Voting proxies on behalf of the Plan assets managed by the Investment Manager. Keeping detailed records of said voting of proxies and corporate actions and complying with all regulatory obligations related thereto. Investment Manager(s)' obligation to vote proxies shall be contingent upon receipt of the proxies from the Custodian in a timely manner.

6. Using prudence and due diligence and acknowledging in writing to their fiduciary responsibility to fully comply with the entire Investment Policy Statement set forth herein and applicable to the Investment Manager, and as modified in the future, provided that prior notice of any such modification is provided to the Investment Manager in writing.

7. If at any time the investment managers feel that the guidelines restrict their performance, or that the objectives cannot be met, the Board should be notified in writing.

GENERAL INVESTMENT PRINCIPLES

1. Investments shall be made solely in the interest of the participants and beneficiaries of the Plan and for the exclusive purpose of providing benefits accrued thereunder and defraying the reasonable expenses of administration.

2. The Plan shall be invested with care, skill, prudence, and diligence under the circumstances then prevailing that a prudent man acting in like capacity and familiar with such matters would use in the investment of a fund of like character and with like aims.

3. The Board may employ one or more Investment Managers of varying styles and philosophies to attain the Plan's objectives.

4. Cash is to be employed productively at all times, by investment in short-term cash equivalents to provide safety, liquidity, and return.

5. Investments in securities that conflict with official moral and social teachings of the Roman Catholic Church are prohibited.

MORAL AND SOCIAL RESPONSIBILITY

With regard to morally and socially responsible investing, the Board characterizes the investment management of Plan assets as a process of avoidance; that is, the Board believes that it will be meeting the needs of the Plan and society by avoiding companies which may harm society in one or more ways. This investment process does not require any changes to an investment manager's investment process other than that it, in effect, reduces that universe of securities in which to invest by screening companies for socially undesirable characteristics.

Expectations of Social Investing

The Board believes that, in the long-term, the socially responsible investment process implemented by the Plan will not present a significant trade-off of risk or return as compared to the market.

Implementation of Socially Responsible Investment

The Board has placed restrictions on the Plan investments based upon excluding securities whose companies violate the principals and teachings of the Catholic Church. Investments in excluded securities are prohibited. The principles by which the list will be compiled are securities of:

1. Any companies known to receive any portion of their revenues from the manufacture or distribution of contraceptives and/or other "birth control" devices.

2. Any companies known to receive any revenues from performing abortions.

3. Any companies known to engage in scientific research on human fetal tissue including but not limited to that which results in the end of pre-natal life or that which makes use of tissues derived from elective abortions. Considering that this field of research is dynamic and evolving, new forms of associated research or products developed from such research will be evaluated on a case by case basis.

4. Any companies whose primary business is directly related to adult entertainment/pornography.

5. Any companies primarily engaged in production or development of weapons inconsistent with Catholic teaching on war (e.g., biological and chemical weapons, arms designed or regarded as first-strike nuclear weapons, indiscriminate weapons of mass destruction, landmines, etc.)

6. Any financial institution that receives a "needs to improve" or "substantially non-compliant" rating from federal regulatory agencies under the Community Reinvestment Act.

Upon reasonable request, the Investment Manager(s) will work with the Investment Consultant and the Board to compile and update the annual list of excluded securities.

INVESTMENT OBJECTIVES

The Plan offers its donors five investment pools. Each donor selects the investment pool based on the investment objectives and risk tolerance of the institution. The investment objectives for the pools are as follows:

Short Term Pool – The Short Term Pool seeks capital preservation. The pool is invested entirely in a money market fund. The strategy will provide interest income under prevailing market conditions and rates. The Short Term Pool is an appropriate strategy for investors whose main focus is capital preservation.

Fixed Income Pool – The Fixed Income Pool seeks income with minimal capital appreciation. The strategy is invested in intermediate and long term fixed income. The strategy is appropriate for investors whose main focus is current income.

Balanced Pool – The Balanced Pool seeks moderate capital appreciation; current income is a secondary focus. The strategy asset allocation is 55% in equities and 45% in fixed income. The equity allocation is broadly diversified, offering domestic and international market exposure, investing in equities in developed and emerging markets. The equity exposure also includes an allocation to real estate investment trusts. The pool is designed for investors who seek moderate capital appreciation.

Long Term Pool – The Long Term Pool seeks capital appreciation. The asset allocation is 70% invested in equities and 30% in fixed income. The equity allocation is broadly diversified, offering domestic and international market exposure, investing in equities in developed and emerging markets. The equity exposure also includes an allocation to real estate investment trusts. The strategy is appropriate for investors seeking capital appreciation. The pool is designed for endowed funds and those with a long term time horizon.

Aggressive Growth Pool – The Aggressive Growth Pool seeks capital appreciation. The asset allocation is 100% invested in equities. The equity allocation is broadly diversified, offering domestic and international market exposure, investing in equities in developed and emerging markets. The equity exposure also includes an allocation to real estate investment trusts. The strategy is appropriate for investors that can tolerate the volatility of investing only in the public equity market. The pool is designed for long term endowed funds and those with a long term time horizon (over 10 years).

SPECIFIC INVESTMENT GOALS

Over the investment horizon established in this statement, the goal of this Policy is that the aggregate Plan assets meet or exceed:

> The cumulative annual total rate of return over a five-year moving average of a balanced market index based on the asset allocation of each pool.

The investment goals listed above are the objectives of the aggregate Plan, and are not meant to be imposed on each investment account (if more than one account is used.) The goal of each Investment Manager, over the investment horizon, shall be to:

1. Meet or exceed the representative index, universe, or blended market index and universe selected and agreed upon by the Board that most closely corresponds to the Investment Manager's style of investment management.

2. Display an overall level of risk in the portfolio, which is consistent with the risk associated with the representative index. Risk will be measured by the standard deviation of quarterly returns and such other risk measurements as the Investment Consultant may, from time to time, use.

Specific investment goals and constraints for each Investment Manager, if any, shall be incorporated as part of this Statement of Investment Policy. Each Investment Manager may receive a written statement outlining his specific goals and constraints as they differ from those objectives of the entire Plan.

The Board acknowledges that the Investment Manager cannot provide any guarantee with respect to performance or preservation of Plan assets under their management and that the risk and performance objectives herein are targets only and should not be considered as an assurance or guarantee of the risk of or the performance of the Plan assets managed by the Investment Manager or impose any liability on the Investment Manager should the risk or performance objectives not be obtained provided the Investment Manager has otherwise complied with the terms of this Investment Policy Statement and the relevant investment management agreement.

EVALUATION BENCHMARK

The structure of the Policy has been designed to maximize return with specified risk constraints. Furthermore, the structure allows the Investment Manager of those assets with longer time horizons to invest in securities with an increased potential for appreciation. The evaluation of each Investment Manager will be as follows:

1. Fixed Income Manager(s): realize a cumulative annual total rate of return (income plus realized and unrealized gains and losses minus management fees) over a five-year moving average to exceed the rate of return of their respective index, namely, the Barclays Capital Aggregate Bond Index, Barclays Capital Global Aggregate Bond Index, Barclays Capital Merrill Lynch 1-3 YR Gv/Cr Bond Index. In addition, they must be in the top 50th percentile of their peer universe.

2. Equity Manager(s): realize a cumulative annual total rate of return (income plus realized and unrealized gains and losses minus management fees) over a five year moving average to exceed the rate of return of their respective benchmark, namely, the Russell 3000, Russell 3000 Growth, Russell 3000 Value, S&P 500, Russell 2000, MSCI EAFE Index, MSCI All World ex US, MSCI Emerging Markets Free, MSCI Emerging Markets Value, Nareit Equity Index. In addition, they must be in the top 50th percentile of their peer universe.

TIME HORIZON

Investment objectives are intended to provide quantifiable benchmarks to measure and evaluate return and risk. Most investment styles require a full market cycle to allow an Investment Manager to demonstrate its abilities. Performance expectations will be monitored over a full market cycle generally defined as a three-to-five year time period. Shorter time periods may be used to determine the trend of out-performance or deficiencies.

LIQUIDITY

To minimize the possibility of a loss caused by the sale of a security forced by the need to meet a required payment, the Board will periodically provide the investment manager with an estimate of expected net cash flow. The Board will notify the Investment Manager in a timely manner, to allow sufficient time to build up necessary liquid reserves.

INVESTMENT GUIDELINES

Every Investment Manager selected to manage Plan assets must adhere to specific guidelines.

Prohibited Assets

Prohibited investments include, but are not limited to the following:

1. Investments in guaranteed insurance contracts, tax exempt securities, commodities, futures, options, short sales, and foreign currency speculation and margin transactions.
2. Direct real estate investments, with the exception of publicly traded REIT's and direct placement mortgage pools.
3. Investment in lettered stock or unregistered securities.

Prohibited Transactions

Prohibited transactions include, but are not limited to the following:

1. Margin Transactions.
2. Short-term financial instruments considered to contain speculative characteristics.
3. Managers purchasing their own company's issues except in an index fund and except as otherwise agreed to by the Board in writing.

Domestic Equity

1. Equity investments shall be made only in securities listed on a recognized United States stock exchange or traded over-the-counter. Such securities include non-U.S issuers, preferred stock, convertible preferred stock, American Depositary Receipts (ADR's). Standard and Poors Depositary Receipts (SPDR's).
2. No more than the greater of 5% market value at time of purchase or 1.5 times the security's benchmark weight of the individual investment manager's portfolio should be invested in any single company without written notification from the Board.
3. Invest no more that 2 times the sector weighting of the respective benchmark or up to 40% in one sector, whichever is greater.
4. Securities of governments, companies or entities headquartered outside of the United States of America will be limited to ten percent (10%) of the Investment Manager's portfolio unless written approval to exceed these limits is provided by the Board.

The restrictions set forth above in item 3 should only be reviewed for compliance by the Investment Manager as of the last business day in each month. Should such conditions not be met, the only consequence shall be that the Investment Manager will notify the Board and discuss the Investment Manager's reasons for the portfolio's weightings.

Foreign Equity

1. Foreign equity investments shall be made only in securities listed on globally recognized stock exchanges and Pink Sheet listed American Depository Receipts (ADR's).
2. No more than 5% of the total cost or 7% of the market value of the individual investment manager's portfolio will be invested in any single company without written notification from the Board.
3. The individual Investment Manager has latitude to adjust the industry weight of their portfolio but no more than 20% of the total cost will be invested in any one industry as defined by the Global Industry Classification Standards (GICS) as applied by MSCI.
4. No more than 30% of the total cost will be invested in any one sector as defined by GICS.
5. No more than 50% of the portfolio's market value shall be invested in any one country.
6. The international equity managers' liquid reserves or cash equivalent portfolio shall not exceed five percent (5%).

Fixed Income

1. Fixed income investments must be direct issues of the United States Treasury, United State Government Agencies, or Instrumentalities including Traditional Mortgage Backed Securities, and Zero Coupon Government/Agency Bonds. Mortgage-backed and asset-backed securities not issued by an agency of the Federal Government must be rate A or better by a Nationally Recognized Statistical Rating Organization (NRSRO).

Commercial Mortgage-backed securities are permitted investments provided they are also rated A or better by a NRSRO.

2. The average quality rating of the fixed income portfolio shall be A or better.
3. Other than securities of the U.S. Government or its agencies, the fixed income portfolio shall not exceed five percent (5%) of any one issuer.
4. The individual Investment Manager has latitude to adjust the overall duration of their portfolio within +/- 15% of their specific benchmark.

Cash Equivalents

1. Liquid Reserves or Cash Equivalents are defined as Commercial Paper, Certificates of Deposit, Banker's Acceptance, Repurchase Agreements, STIF Funds, Money Market Funds or Treasury Bills.
2. Investments in commercial paper can only be made if rated at least P-1 by Moody's or A-1 by Standard & Poor's.
3. Any idle cash not invested by the Investment Manager shall be invested daily through an automatic, interest bearing, sweep vehicle managed by the custodian.
4. The Investment Manager's liquid reserves or Cash Equivalent portfolio shall not exceed five percent (5%).

Stock Exchange

To ensure marketability and liquidity, Investment Managers will execute equity transactions through the following exchanges: New York Stock Exchange; American Stock Exchange; NASDAQ over-the-counter market, Electronic Communication Networks and organized foreign exchanges. In the event that an Investment Manager determines that there is a benefit or a need to execute transactions in exchanges other than those listed in this statement, written approval is required from the Board.

ASSET ALLOCATION

Based on the investment time horizon, goals, and risk tolerances, the asset structure and mix of investments below are deemed appropriate. Diversification by asset class and management style is a cornerstone of the Investment Program. The Board will review the allocation on a periodic basis and rebalance the asset allocation if the targeted percentage exceeds the actual investment by +/- 20%.

Investment management of the assets of the Plan shall be in accordance with the following asset allocation guidelines:

Asset Class	**Short Term Pool**	**Fixed Income Pool**	**Balanced Pool**	**Long Term Pool**	**Aggressive Growth Pool**
Short Term – Cash	**100.0%**				
Money Market (cash)	100.0%	-	-	-	-
Fixed Income		**100.0%**	**45.0%**	**30.0%**	-
PIMCO Total Return Fund III	-	50.0%	22.5%	15.0%	-
PIMCO Low Duration Fund III	-	50.0%	22.5%	15.0%	-
Equity					
Domestic Equity			**41.0%**	**50.0%**	**72.5%**
World Asset Management S&P 500 Index (Large/Mid Cap)	-	-	19.0%	18.0%	17.5%
DFA US Social Core Equity 2 Fund (All Cap)	-	-	22.0%	32.0%	55.0%
International Equity			**12.0%**	**15.0%**	**22.5%**
Franklin Templeton	-	-	8.0%	10.0%	15.0%
DFA Emerging Markets Social Core	-	-	4.0%	5.0%	7.5%
Real Estate			**2.0%**	**5.0%**	**5.0%**
Cohen & Steers Institutional Realty	-	-	1.0%	2.5%	2.5%
Cohen & Steers International Realty	-	-	1.0%	2.5%	2.5%

SELECTION OF INVESTMENT MANAGERS

The Board's selection of Investment Manager(s) must be based on prudent due diligence procedures. The Board may require that each Investment Manager provide, in writing, acknowledgement of fiduciary responsibility to the Plan.

Manager(s) must meet the following minimum criteria:

1. Provide information on the employees of the firm with responsibility for managing the Plan's assets, the investment philosophy, and the process in determining investment opportunities.
2. Provide a current ADV and ADV Part II.
3. Be an insurance company, bank, or investment management company, or investment advisor as defined by the Investment Advisors Act of 1940.
4. Provide historical quarterly performance numbers calculated on a time-weighted basis, based on a composite of all fully discretionary accounts of similar investment style and reported net and gross of fees.
5. The Investment Managers must understand and be able to articulate the investment strategy that will be followed and document that the strategy has been successfully adhered to.

BROKERAGE POLICY

All transactions effected by the Plan will be "subject to the best price and execution" and otherwise in accordance with the provisions of the applicable investment management agreement. Under no circumstances should the Investment Manager's trading be directed to any Investment Consultant on this account to which the Board notifies the Investment Manager in writing not to direct trades.

PERFORMANCE SUPERVISION

Investment performance will be reviewed at least quarterly by the Board and their Investment Consultant to determine the continued feasibility of achieving the investment objectives and the appropriateness of the Investment Policy Statement for achieving those objectives. In particular, short-term changes in the financial markets should not require adjustments to the Investment Policy Statement.

Quarterly performance will be evaluated to test progress toward the attainment of longer-term targets. It is understood that there are likely to be short-term periods, during which performance deviates from the market index. During such times, greater emphasis shall be placed on peer performance comparisons with Investment Managers employing similar styles. Also, the Investment Manager's adherence to the investment guidelines, comparisons of the Investment Manager's results to appropriate indexes and peer groups will be reviewed. The monitoring and supervision of the Investment Manager's performance is ongoing. The Board may, at its discretion, take corrective action by replacing an Investment Manager at any time if they deem it appropriate.

CONCLUSION

It is anticipated that any important deviation from the guidelines set forth in this document and the reasons therefore will be brought to the attention of the Board on a timely basis. This Investment Policy Statement will be reviewed on a periodic basis.

Approved By:

+ Leonard P. Blair Aug. 4, 2011

Most Reverend Leonard P. Blair, Bishop, Diocese of Toledo Date

Ronald D. Henderson August 3, 2011

Deacon Ronald D. Henderson, CFO Date