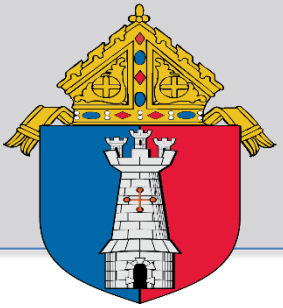
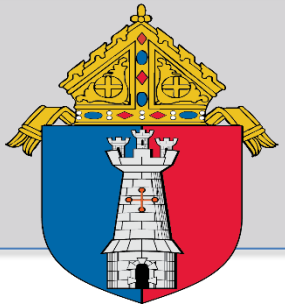


Diocese
of Toledo

CATHOLIC INVESTMENT TRUST PARTICIPANT MEETING JULY 21, 2021



- I. Opening Prayer (Fr. McQuillen)
- II. Opening Comments (Phil Renda)
- III. Investment Performance (Jeff Weisker - FEG)
- IV. CIT Account Types & Top FAQs (Tom Antonini)
- V. New Account Set Up Process (Rene Schmidbauer)
- VI. Growing Existing/New Endowments (Brian Doyle)
- VII. Conflict of Interest Policy (Dave Williams)
- VIII. Q&A with Panelists and Key Bank
- IX. Closing Prayer (Fr. McLoughlin)



Diocese
of Toledo

PRESENTATION TEAM

Phil Renda – Diocese Mgmt. Corp: Chief Operations/Finance Officer

Jeff Weisker – Fund Evaluation Group: Vice President

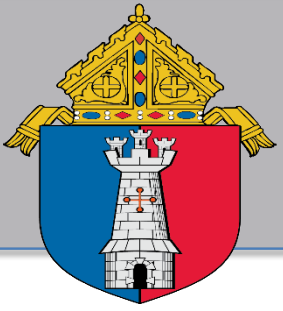
Tom Antonini – Diocese Mgmt. Corp: General Counsel/Director Risk Mgmt.

Rene Schmidbauer – Diocese Mgmt. Corp: Controller

Brian Doyle – Diocese Mgmt. Corp: Mission Advancement Officer

Dave Williams – Diocese Mgmt. Corp: Audit/Compliance Manager

Randy Englund – KeyBank: Client Strategist Associate

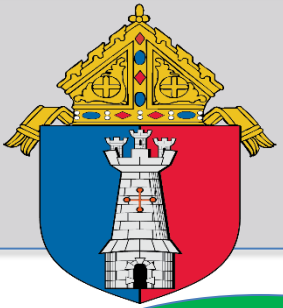


Diocese
of Toledo

OPENING COMMENTS

PHIL RENDA

CHIEF OPERATING OFFICER AND FINANCE OFFICER



Deposit & Loan Trust

Features:

- Security = Charitable Gift and separate account protections
- Prohibits Diocese access to funds
- Stable and short-term rate of return
- Withdrawal can occur in 2-5 days
- No withdrawal limits
- Investment Committee oversight
- SRI/USCCB compliant
- Line of Credit and Longer-term Loan feature available only to depositors
- Ideal for holding shorter-term funds (<1-2 years)

7/27/2021

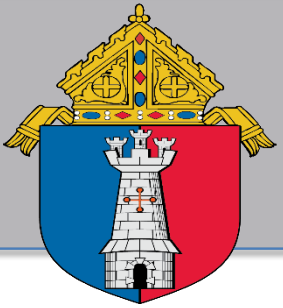
Parish/School Options for Funds

**Local Bank =
2-3 Months
of Expense**

Catholic Investment Trust

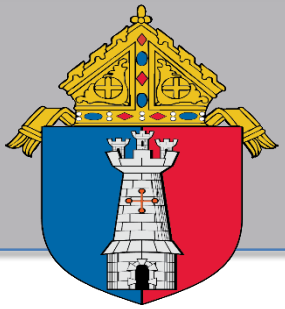
Features:

- Security = Charitable Gift and formal sub-trust protections
- Prohibits Diocese access to funds
- Various investment pool options ranging from aggressive growth to fixed income
- Withdrawal can occur monthly
- Investment Committee oversight
- SRI/USCCB compliant
- Leverages investment advisor, custodial, trustee, and admin services and fees
- Ideal for holding longer-term funds (>1-2 years)



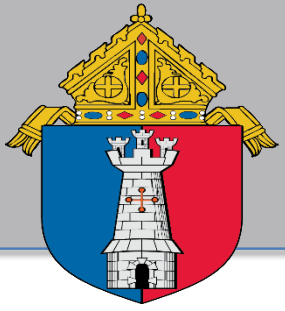
WHY CHOOSE THE CIT?

- Security and Independence
 - Account options offer high level of security/protection against 3rd party claims
 - Avoid actual/inferred conflict-of-interest situations that can occur locally
- Low Fees
 - Fees are 30-40% below market at 55-58 bps (.55-.58%)
- Socially Responsible Investing
 - Vetted by Diocesan Investment Committee and professional advisors
- Investment Performance
 - Longer-term returns in line with benchmarks
 - 5 investment pools to support varying investment goals and risk tolerances
- Strengthen Diocesan Community
 - Maximum participation to leverage size for competitive fees and returns



- 58 out of 130 eligible entities participating in the CIT
 - 45% participation rate
- 146 current active accounts
 - 10 new accounts opened since June 30, 2020
- Total CIT asset value at June 30th
 - 2020 - \$56.4M
 - 2021 - \$75.1M

} 34% Increase

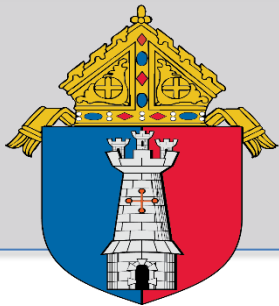


Diocese
of Toledo

INVESTMENT PERFORMANCE

JEFF WEISKER

FEG



Diocese of Toledo

FEG Profile

For over 30 years, **FEG Investment Advisors** has provided investment solutions that strengthen an institution's ability to make a greater impact.

Our experience, investment knowledge, and access to a deep industry network are leveraged to deliver **partnership and performance**.

\$77.5 BILLION

Assets Under Advisement¹

100%

Employee-owned by 100% of our Employees

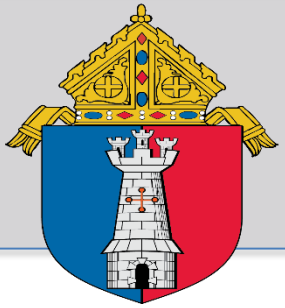
86%

Nonprofit Clients²

\$3.2 BILLION

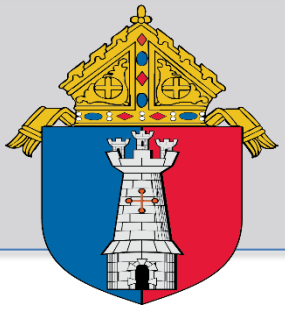
Catholic Institutional Assets Under Advisement

¹As of March 31, 2021. Assets under advisement (AUA) include discretionary and non-discretionary assets of FEG and its affiliated entities. These assets are typically non-discretionary. Some asset values may not be readily available at the most recent quarter-end; therefore, the previous quarter's values were used for this calculation. The values may be higher or lower, depending on the current market conditions. Of the \$77 billion in AUA, FEG's total assets under management (AUM) are \$10.7 billion, which includes discretionary (\$8.7 billion) and non-discretionary AUM (\$2 billion). The assets do not include approximately \$110 million in discretionary AUM with 457 individual clients. Although FEG has an advisory relationship with these clients, they are all maintained via a single third-party relationship with a financial intermediary. Inclusion of these clients would materially change the total number of clients shown above. FEG predominantly focuses on serving Institutional clients. ²Nonprofit clients include charitable, community foundations, healthcare (not-for-profit), higher education, independent schools, private foundations, and religious organizations. Total nonprofit clients comprise 86% of Institutional clients and 67% of total client base.



FEG'S ROLE – PROVIDE FIDUCIARY OVERSIGHT

- Establish investment strategy and asset allocation representative of the needs of the Portfolio
- Establish appropriate policies and guidelines (Investment Policy Statement) for investing the Portfolio's assets
- Establish absolute and relative investment objectives for the total portfolio and its individual components
- Select appropriate investment managers
- Evaluate performance and services of the professionals retained
- Review USCCB* Social Guidelines
- Provide on-going monitoring of the entire Investment Program



Protecting Human Life

- Abortion
- Contraceptives
- Embryonic Stem Cell/Human Cloning

Promoting Human Dignity

- Human Rights
- Racial Discrimination
- Gender Discrimination
- Access to Pharmaceuticals
(e.g. HIV/AIDS)
- Curbing Pornography

Reducing Arms Production

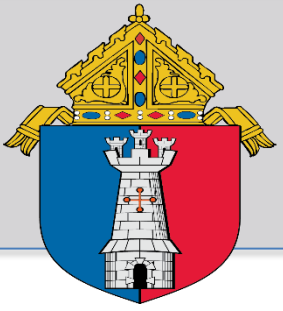
- Production and Sale of Weapons
- Antipersonnel Landmines

Pursuing Economic Justice

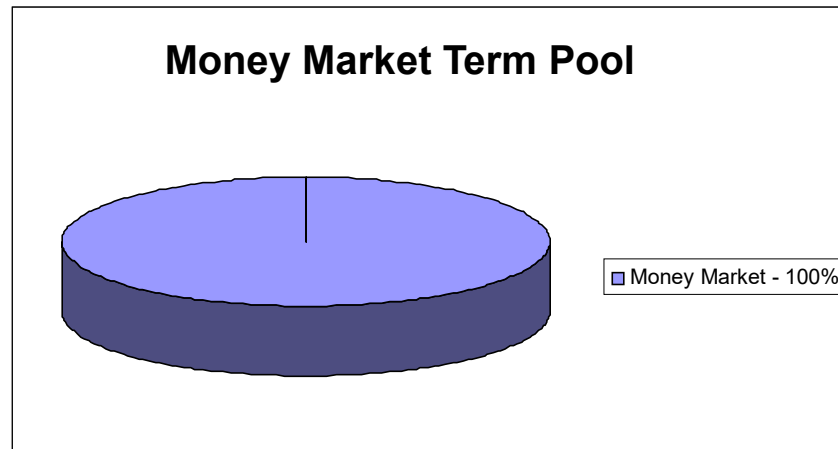
- Labor Standards/Sweatshops
- Affordable Housing / Banking

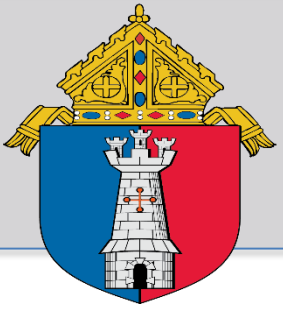
Protecting the Environment

Encouraging Corporate Responsibility

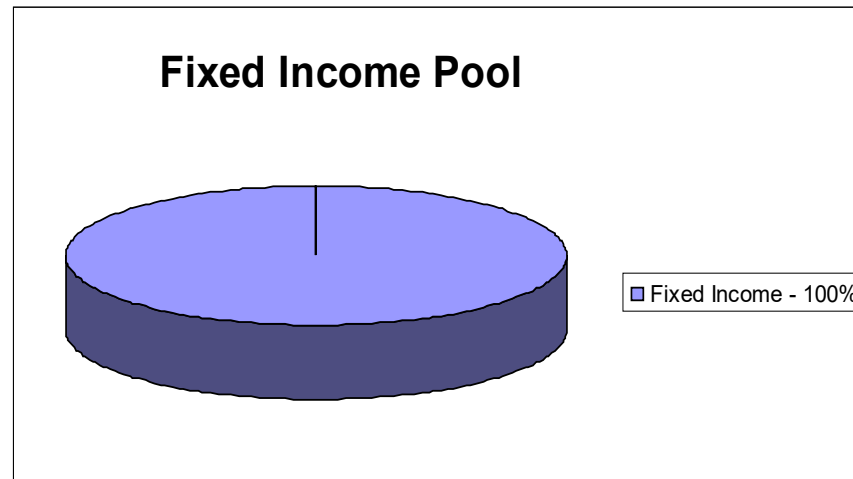


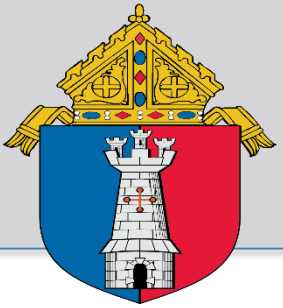
Money Market Pool - The Money Market Pool seeks capital preservation. The pool is invested entirely in a money market fund. The strategy will provide interest income under prevailing market conditions and rates. The Money Market Pool is an appropriate strategy for investors whose main focus is capital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





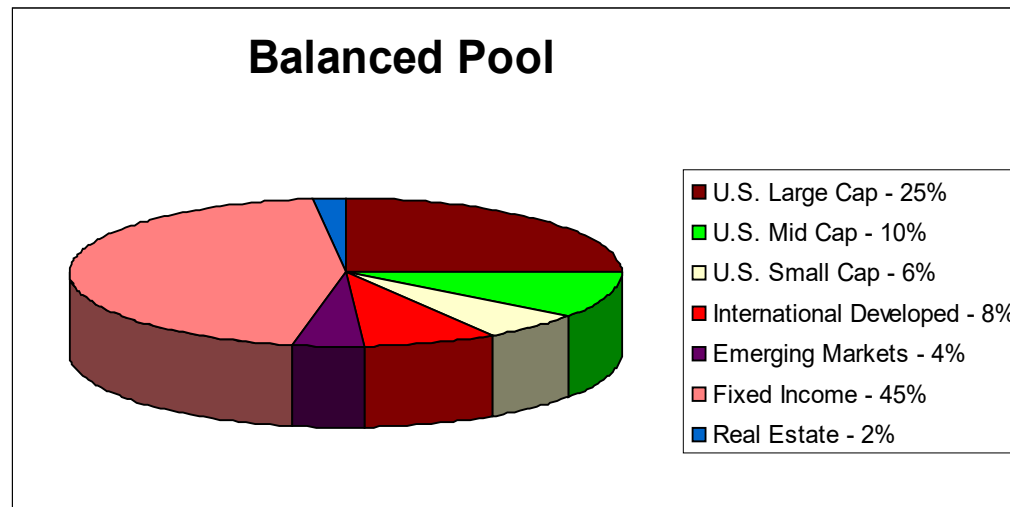
Fixed Income Pool- The Fixed Income Pool seeks income with minimal capital appreciation. The strategy is invested in intermediate and long term fixed income. The strategy is appropriate for investors whose main focus is current income.

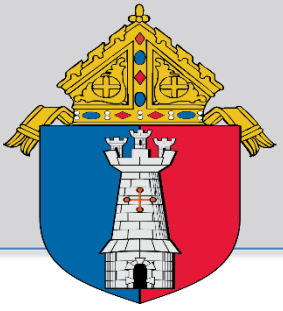




Diocese of Toledo

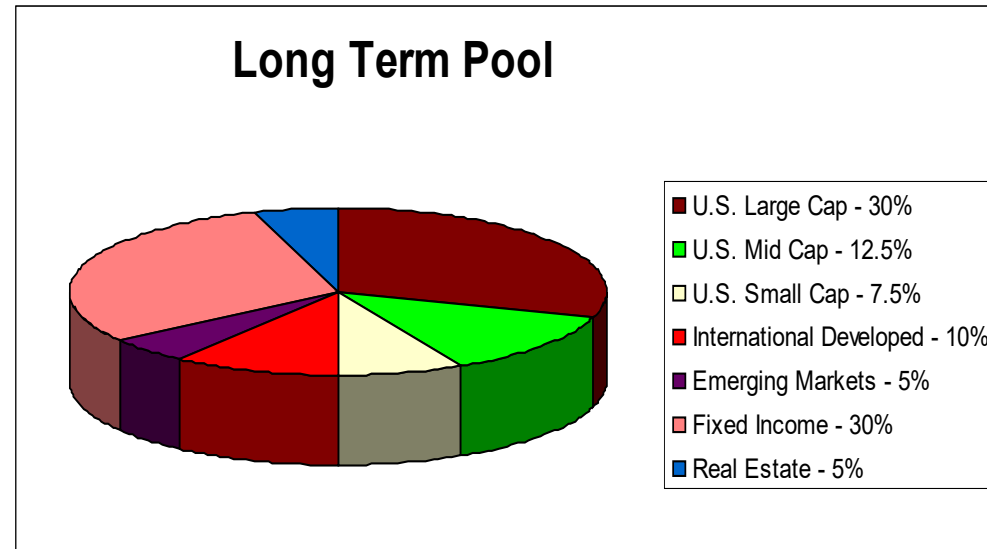
Balanced Pool - The Balanced Pool seeks moderate capital appreciation; current income is a secondary focus. The strategy asset allocation is 55% in equities and 45% in fixed income. The equity allocation is broadly diversified, offering domestic and international market exposure, investing in equities 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.

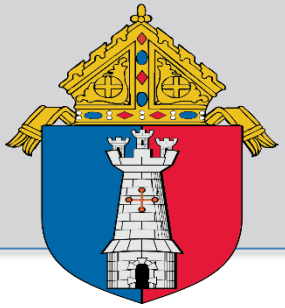




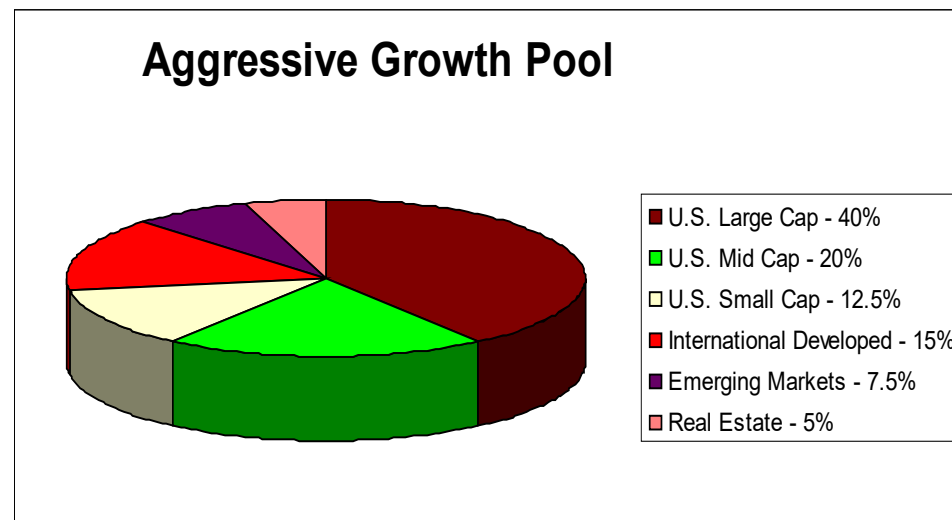
Diocese of Toledo

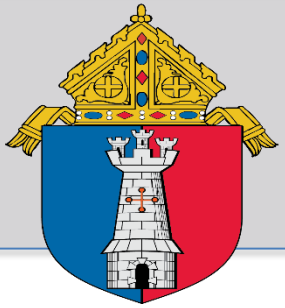
Long Term Pool - The Long Term Pool seeks capital appreciation. The asset allocation is 70% invested in equities and 30% in fixed income. The equity allocation is broadly diversified, offering domestic and international market exposure, investing in equities in developed and emerging markets. The equity 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).



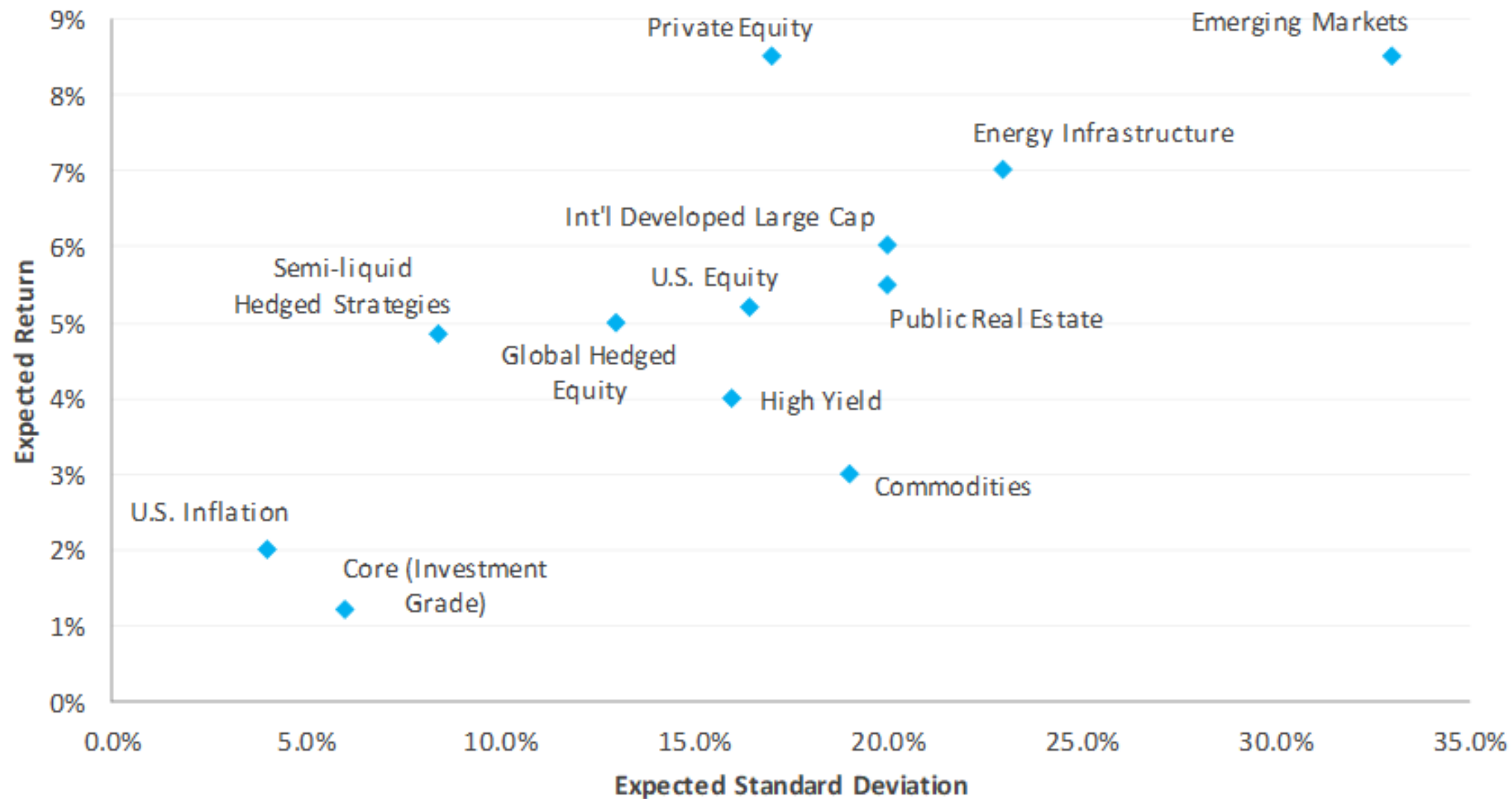


FEE SUMMARY

	In Basis Points	In Percent	Fee Per \$1,000
DOT Aggressive Pool	58.0	0.58%	\$5.8
DOT Long Term Pool	57.0	0.57%	\$5.7
DOT Balanced Pool	57.0	0.57%	\$5.7
DOT Fixed Income Pool	55.0	0.55%	\$5.5
Average FEG Survey Fee From Survey	73.0	0.73%	\$7.3
Blended Mutual Fund Average	71.0	0.71%	\$7.1

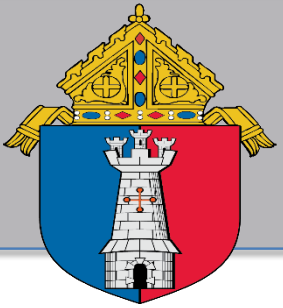
Note: DOT fees are inclusive of the Advisor, mutual fund/manager, custodian/trustee, and administration.

FEG 7-10 Year Capital Market Assumptions

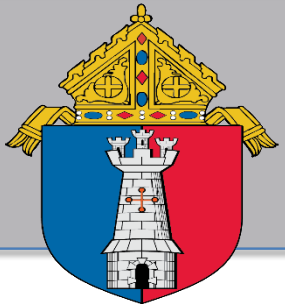


POOLED PERFORMANCE – JUNE 30, 2021

	<u>QTR</u>	<u>CYTD</u>	<u>1 Year</u>	<u>3 Year</u>	<u>5 Year</u>	<u>7 Year</u>	<u>10 Year</u>	% of Total CIT (Excluding Money Market Pool)
Aggressive Pool	6.6	15.4	45.4	14.8	15.4	10.6	11.3	4.3%
Balanced Benchmark	6.3	14.5	44.2	14.5	15.0	11.0	11.7	
Long Term Pool	5.2	10.5	30.8	12.0	11.5	8.3	8.8	47.9%
Balanced Benchmark	4.9	9.7	29.1	11.8	11.4	8.7	9.1	
Balanced Pool	4.3	8.0	23.9	10.5	9.7	7.1	7.7	47.0%
Balanced Benchmark	4.0	7.4	22.6	10.4	9.7	7.5	7.9	
Fixed Income Pool	1.1	-0.3	1.7	3.4	1.9	1.8	2.1	0.8%
Balanced Benchmark	0.9	-0.8	0.1	4.2	2.5	2.5	2.5	
S&P 500 Index	8.5	15.2	40.8	18.7	17.6	14.1	14.8	
Russell 2000 Index	4.3	17.5	62.0	13.5	16.5	11.4	12.3	
MSCI EAFE Index	5.2	8.8	32.4	8.3	10.3	5.0	5.9	
MSCI Emerging Markets Index	5.0	7.4	40.9	11.3	13.0	6.4	4.3	
S&P Developed BMI Property Index	9.3	15.2	33.6	6.8	5.4	5.5	6.8	
Bloomberg Barclays US Aggregate Index	1.8	-1.6	-0.3	5.3	3.0	3.3	3.4	



- Terminated DFA Short-Term Government Portfolio and placed the proceeds in iShares 1-3 Year Treasury Fund. The change was made due the Short-Term Fund's underperformance and to reduce the overall exposure to the manager.
- FEG and the Investment Committee are evaluating potential options to replace (or further diversify) the DFA Funds which have underperformed over the last five years (DFA funds had strong absolute and relative performance over the last twelve months).

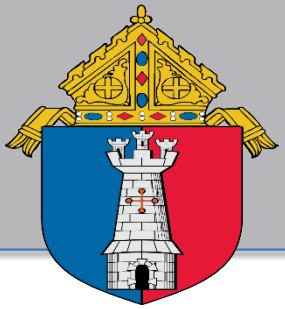


Diocese
of Toledo

CATHOLIC INVESTMENT TRUST ACCOUNT TYPES

TOM ANTONINI

GENERAL COUNSEL AND DIRECTOR OF RISK MANAGEMENT



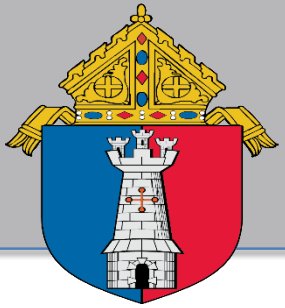
Diocese
of Toledo

CHOOSING THE RIGHT ACCOUNT FOR YOUR PARISH

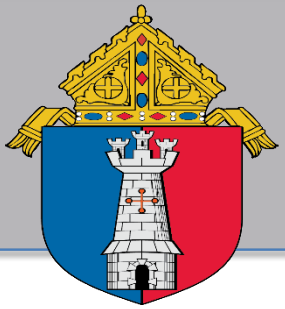
Catholic Investment Trust

Types of accounts in the Trust:

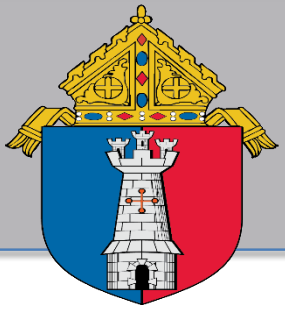
- General
- Restricted
- Designated
- Endowed



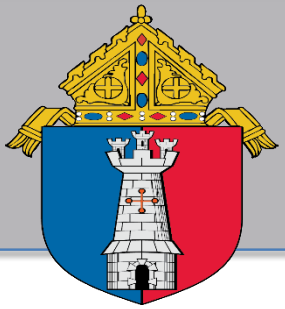
- General Account
 - Unrestricted Funds
 - No material limitation on use of funds
 - No charter needed
 - Less protection than Legacy Trust
 - Higher return than Deposit and Loan Trust



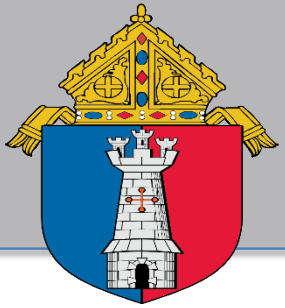
- Restricted Account
 - Source of funds is third party donations
 - Set aside for particular purpose or ministry of parish
 - e.g. capital projects, parish school, annual/capital campaign
 - Principal can be invaded without limitation



- Designated Account
 - Source of funds is the parish’s “own unrestricted money”
 - e.g. sale of land, rental income, offertory
 - Set aside for a particular ministry or capital project
 - e.g. “Youth Ministry” or new gymnasium
 - Cannot be spent for general operational needs of parish
 - Principal can be invaded without limitation



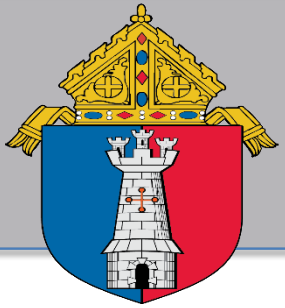
- Endowment Accounts
 - Designed for long-term growth
 - Source of funds can be from third-part donations, or the parish’s “own unrestricted money,” or a combination
 - This is the only way that a parish’s “own unrestricted money” can be used for the general operational needs of a parish and still qualify as a Legacy Trust



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CHOOSING THE RIGHT ACCOUNT FOR YOUR PARISH

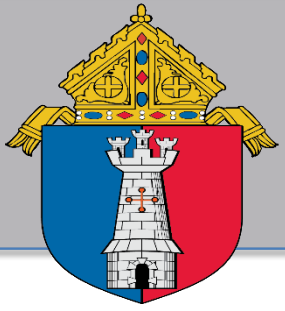
- Endowment Accounts
 - Third Party Settled (donor money)
 - Self-Funded (parish money)



Catholic Investment Trust

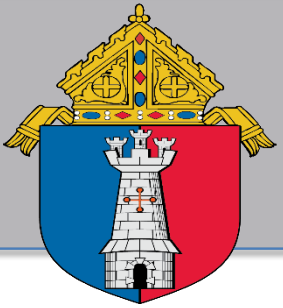
Types of accounts in the Trust:

- General – no material limitations on use of funds, less protection
- Restricted – third party donations to fund particular purpose or ministry of parish/entity
- Designated – parish/entity sets aside general revenues for a particular ministry
- Endowed – designed to provide support on a permanent basis by limiting distributions

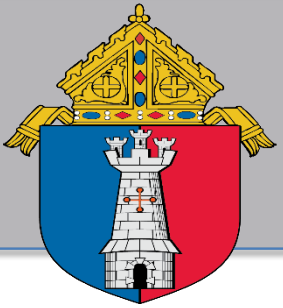


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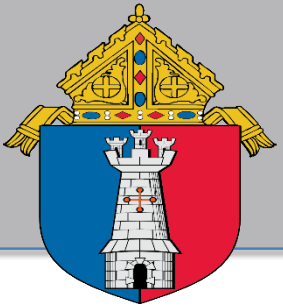
TOP FAQs ON THE CATHOLIC INVESTMENT TRUST



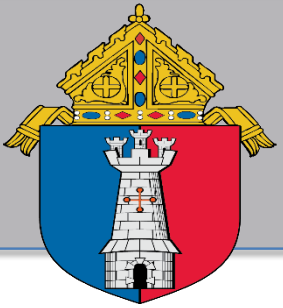
- Q: How much is my parish entitled to withdraw from our fund on an annual basis?
- A: It depends. A General, Designated or Restricted Account may be expended in its entirety at any time. For an Endowment Account, it depends on the language in the charter or gift instrument.



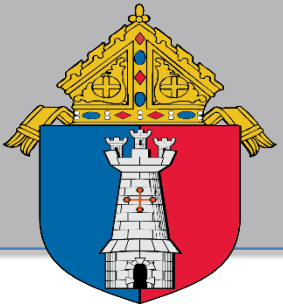
- Q: What if my parish has an endowment – how much can be withdrawn on an annual basis?
- A: It depends. Look to the language in your charter or other gift instrument pursuant to which the fund was initially established.
 - e.g. “No greater than 3% of market value of the fund at year end may be spent.”
 - e.g. “Historical gift/corpus shall never be reduced.”



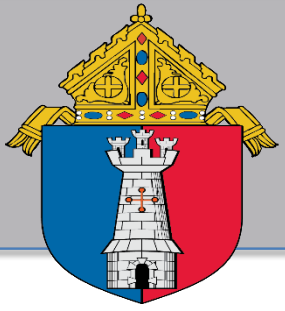
- Q: What if the endowment charter or gift instrument is silent or limits spending to “interest and earnings” only?
- A: If you have an endowment fund within the CIT, then based on “Legacy Trust” statutes you can withdraw income plus 5% of the market value.



- Q: What if there is an emergency need, and my parish needs more than 5% from an endowment fund?
- A: It depends. If a local charter, look to the language to see if invasion of principal is allowed. The CIT Default language allows for a withdrawal of up to 25% annually with approval of the Trust Advisor.

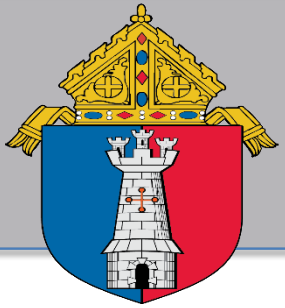


- Q: If we have endowments funds outside of the CIT, how much can we withdraw if the charter or gift instrument is silent or limits spending to “interest and earnings” only?
- A: Ohio’s version of “UPMIFA” passed in 2009 provides a safe harbor which permits expenditure of up to 5% of the 3 year average market value of the fund.
 - You can withdraw up to 5% annually of the market value

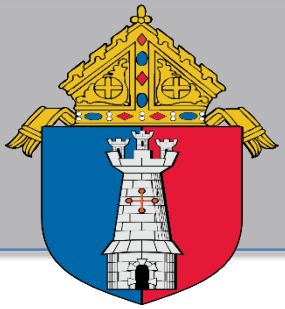


Diocese
of Toledo

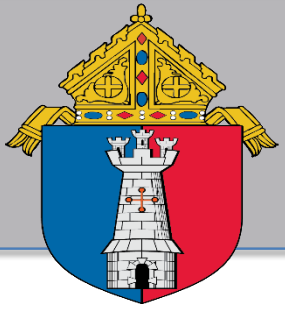
- Note, there is legislation pending in Ohio to amend UPMIFA so that spending beyond 7% of market value is deemed imprudent.



- Q: If my parish takes out periodic withdrawals throughout the year, how do we avoid exceeding the annual 5% cap?
- A: Use this calculation:
 - multiply principal/FMV of trust account as of the date of distribution by 5%
 - subtract from that amount the total of all distributions made earlier in the year
 - the maximum withdrawal cannot exceed the difference



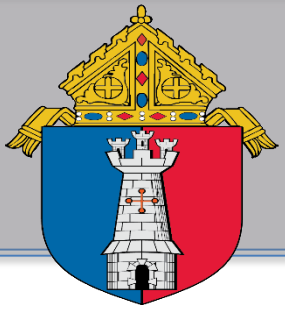
- Some ways of simplifying this calculation:
 - Determine the value of your account at year end, and
 - Instruct KeyBank to distribute 1% of the value quarterly going forward.
- OR**
- Take one time annual distribution of 5% market value at any point during the year



Diocese
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NEW ACCOUNT SET UP PROCESS

RENE SCHMIDBAUER
DIRECTOR OF FINANCE



Diocese
of Toledo

NEW ACCOUNT SETUP CHECKLIST

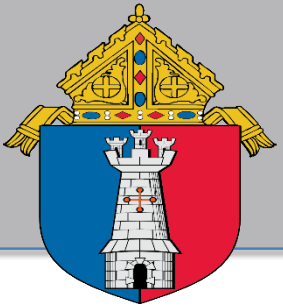


Diocese
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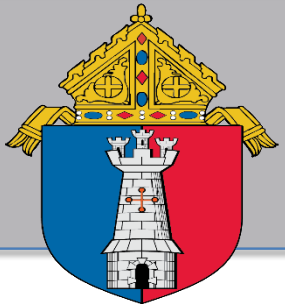
CATHOLIC INVESTMENT TRUST NEW ACCOUNT SETUP CHECKLIST

THE ITEMS BELOW MUST BE INCLUDED WHEN ESTABLISHING A NEW ACCOUNT:

- COMPLETE THE NEW ACCOUNT SETUP FORM
- W-9 FOR ACCOUNT OWNER
- ADOPTION AGREEMENT
- CHARTER OR FUND INSTRUMENT (Not needed for General Accounts)
- QUALIFIED AFFIDAVIT (Required for Designated Accounts and Endowment Accounts established with unrestricted funds)
- KEYLINK ACCESS FORM (Now part of the new account set up form)
- DOCUMENTS EMAILED TO RENE SCHMIDBAUER & CC'D TO PASTOR



- All transactions received before the 25th of the month are processed at the end of the month
- Transactions take several days to settle before distributed
- Monthly investments are made per participant elections

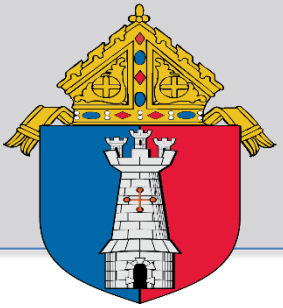


Diocese
of Toledo

GROWING EXISTING AND NEW ENDOWMENTS

BRIAN DOYLE

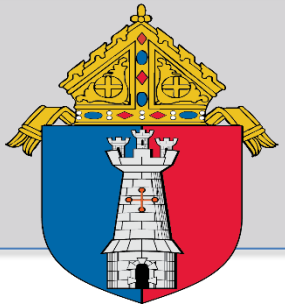
MISSION ADVANCEMENT OFFICER



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WHY CREATE AN ENDOWMENT?

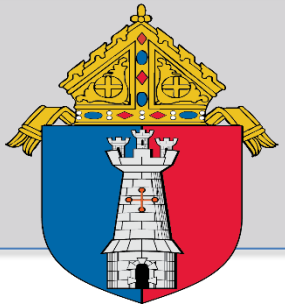
- Mutual Stewardship
- Local Control
- Donor Choice
- Tax advantages
- Long-term benefits



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BENEFITS OF CREATING AN ENDOWMENT IN THE CATHOLIC INVESTMENT TRUST

- **Integrity of Catholic values** – The professional investment advisors, overseen by the CIT Advisory Committee and Diocesan Investment Committee, ensures all funds are invested in accordance with the USCCB guidelines for socially responsible investments.
- **Simplicity and ease** - The Catholic Investment Trust manages the administrative aspects of the fund, thus reducing staff time commitment.
- **Flexibility of Distribution** – Endowment participants can receive up to 5% of market value and in certain cases up to 25% of the market value per year.
- **Peace of Mind** – Funds held in the CIT provide asset protection from potential liabilities. They are also ensure the specified growth and lasting legacy in our Catholic communities.



WHY AN ENDOWMENT?

It's Permanent

An endowment is a permanent fund that holds its principal in perpetuity.

Commits to the Future

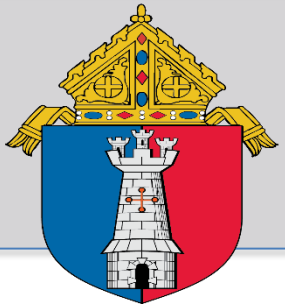
The parish or donor can establish a permanent endowment to benefit your parish with a gift of cash, securities or complex assets. Endowment Funds will grow and make annual distributions to support your parish for generations to come.

It's Attractive

Donors are particularly attracted to making significant gifts of their assets through a planned gift or bequest to newly formed or existing endowments. They know their gift is an investment in the future, that it will grow, that it is being utilized for their intended purpose and that it is protected and secure.

It Will Grow

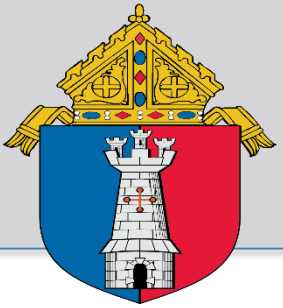
Endowments will continue to grow with favorable market performance and with new gifts to grow the principle of the fund. This is a long term investment. Endowments started 50 years ago in higher education



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5 STEPS TO GETTING STARTED...

1. Identify your needs
2. Learn what an endowment is and does
3. Identify how an endowment will support your goals
4. Establish your endowment fund with the CIT
5. Create a marketing plan



Define Goals

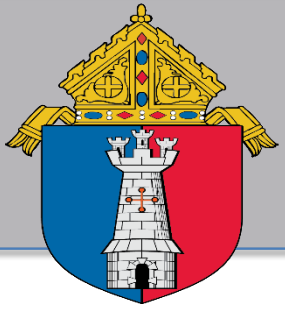
Write Key
Messages

Identify Key
Audiences

Make integral
part of
fundraising

Deliver
Messages

Contact Brian Doyle, Mission Advancement Officer for assistance with marketing your fund.

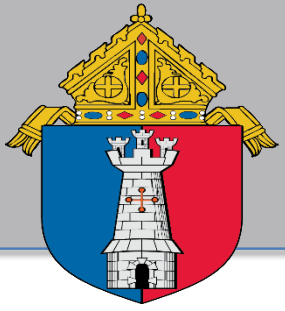


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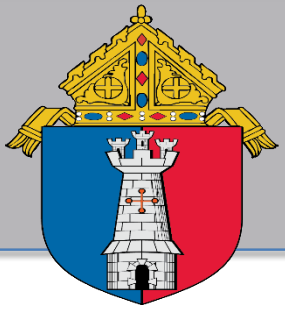
CONFLICT OF INTEREST POLICY

DAVE WILLIAMS

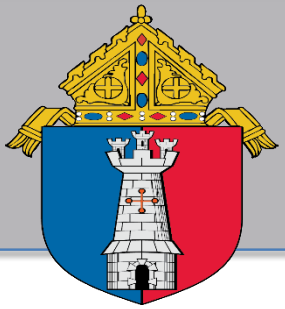
AUDIT AND COMPLIANCE MANAGER



- Pastoral Policy Handbook
 - Why we need a conflict of interest policy
 - Who does it apply to
 - High level overview of what constitutes a conflict of interest
- Overview of the current policy
- Preview revised policy for Parishes and Schools that is more user-friendly

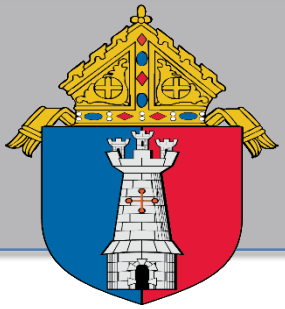


- 8267 A Parish conflict of interest policy has been developed (Exhibit IV) to remind all who work for or on behalf of the parishes within the territory of the Diocese of their special degree of accountability as faithful servants of the Church and the need for operating with the highest ethical standards. The manner in which parish employees and council members provide service to their parish demonstrates to those around us the nature of our beliefs and how our faith guides our actions. It is incumbent upon all to demonstrate the highest level of integrity and honesty in the conduct of their responsibilities.



Pastoral Policy Handbook - Chapter 08: Finance and Administration of Parishes and Schools

- 8269 These protocols are issued and pertain to all who work or volunteer at a parish. Any parish employee or finance council member who is concerned about a potential or real conflict of interest should report their concerns to the pastor. If the conflict of interest includes the parish pastor, the Vicar for Clergy for the Diocese should be notified.
 - Some examples of volunteers include Finance Councils, Investment Committees, Endowment Boards, and applicable subcommittees of Finance Councils and School Advisory Councils / school boards that deal with financial decision making.
 - In a school without a Pastor, the conflict should be reported to the leader of the governing body.
- 8270 A conflict of interest arises whenever a decision to enter into a transaction would convey significant benefit to the pastor, employee, a parish committee member or their immediate families. If such conflicts of interest should arise it must be disclosed to the pastor and parish finance council before the action is taken.



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Exhibit IV: Conflict of Interest Policy and Gift Acceptance Policy of the Diocese of Toledo

- Identifies “Responsible Persons”
- Identifies “Related Parties”
- Outlines common areas and scenarios where conflicts may occur
 - For example: “Persons and firms supplying goods, facilities and services to the Entity, whether compensated or not.”

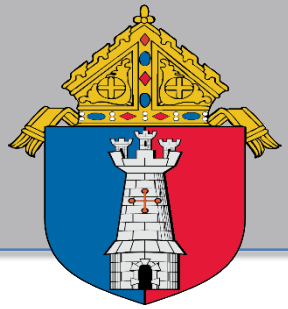
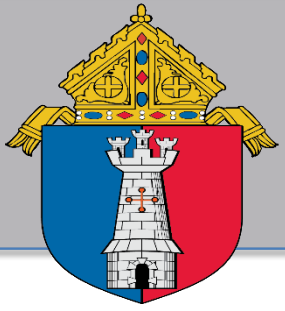


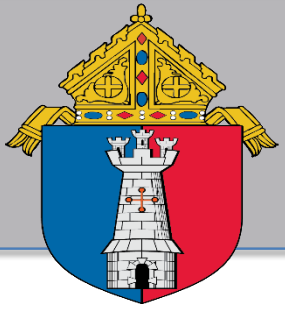
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- Disclosure policy and procedure
 - Transactions may be allowable if they are properly disclosed and evaluated.
 - a. The potential conflict of interest is fully disclosed;
 - b. The person with the conflict of interest is excluded from the substantive discussion and approval of such transaction;
 - c. A competitive bid or comparable valuation exists; and,
 - d. The Entity has determined that the transaction is in the best interest of the overall organization.
- Example Scenarios
 - Parishioner owns a landscaping business and serves on Finance Council
 - Local Investment Advisor serves as a Investment subcommittee member
- Policy includes a Questionnaire for disclosure.
 - All Responsible Parties must complete questionnaire to be kept on file



Revised Conflict of Interest Policy for Parishes and Schools

- Existing Exhibit IV was written to apply to Parishes, Schools, AND various Diocesan Entities and Boards.
- A policy and disclosure questionnaire directed specifically toward employees and volunteers of Parishes and Schools is in development.
- More focused and user-friendly.
- Revised policy will be available by Second Quarter.



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Q&A WITH PANELISTS AND KEY BANK