Catholic Investment Trust Overview
OPTIONS FOR FUNDS

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)

Parish/School Options for Funds

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)

Local Bank = 2-3 Months of Expense

2/28/2022
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
Legacy Trust Feature

• Consistent with our Diocesan phase one restructuring

• The Bishop retains the right to appoint trustees

• Enhanced statutory protection from creditors:
  
  o Shorter statute of limitations

  o Must prove intent to defraud by clear and convincing evidence

  o Loser pays attorney fees
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
• 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
• Endowment Accounts
  – Third Party Settled (donor money)
  – Self-Funded (parish money)
**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.
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).

Investment Pool Types

<table>
<thead>
<tr>
<th>Pool</th>
<th>Percentage</th>
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</thead>
<tbody>
<tr>
<td>U.S. Large Cap</td>
<td>40%</td>
</tr>
<tr>
<td>U.S. Mid Cap</td>
<td>20%</td>
</tr>
<tr>
<td>U.S. Small Cap</td>
<td>12.5%</td>
</tr>
<tr>
<td>International Developed</td>
<td>15%</td>
</tr>
<tr>
<td>Emerging Markets</td>
<td>7.5%</td>
</tr>
<tr>
<td>Real Estate</td>
<td>5%</td>
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</tbody>
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