Roman Catholic Archdiocese of Boston (RCAB)
Investment Funds Review
December 31, 2021
Overview of RCAB Investment funds

• **Collective Investment Partnership**
  – Longer-term (5+ years) investment horizon
  – Multi-asset portfolio, array of asset classes and strategies
  – Fixed income, equities and private investments

• **Income Opportunities Fund**
  – Intermediate-term (3-5 years) investment horizon
  – Multi-asset portfolio, array of asset classes and strategies
  – Fixed income and income-oriented equity investments

• **Fixed Income Fund**
  – Shorter-term (1-2 years) investment horizon
  – Low duration, high quality fixed income investments
Investment Management Oversight

• The Investment Committee of the Archdiocese Finance Council is responsible for the investment policies of the Investment Funds and oversight of the investment portfolio.

• This Committee is comprised of independent investment professional volunteers with significant experience in the investment management industry.

The Committees members are:

– Robert J. Morrissey, Esquire, Chair; Partner, Morrissey, Hawkins & Lynch
– Charles Clough, Jr.; Chairman & CEO, Clough Global
– Stephen M. Dufour; Portfolio Manager, Fidelity Investments
– Michelle A. Knight; Chief Investment Officer and Chief Economist, Ropes Wealth Advisors LLC
– James J. Mahoney, Jr.; Mahoney Investments.
– John Zona, Ph.D.; Chief Investment Officer, Boston College
Investment Managers & Advisor

- The underlying investments of the Investment funds are allocated to 20 investment managers across a range of disciplines. Managers are selected based on their area of expertise to carry out the investment direction of the Committee.

- Investment managers are regularly added to and removed from the portfolio based upon performance and overall investment direction.

- The Archdiocese engages an investment consultant, MPC Capital Advisors, to assist with performance monitoring, asset allocation, and the selection process for investment managers.
Ethical Investment Guidelines

• The Investment Funds recognize that it is critical for the investment strategy of the Investment Funds to correspond with the ethical values of the Catholic Church teachings. Accordingly, the Investments Funds follows the guidelines of the United States Conference of Catholic Bishops “USCCB” to invest in companies consistent with Catholic teachings.

• These guidelines address companies that participate in:
  – Abortion and abortion related products or services
  – Birth control
  – Tobacco and cannabis
  – Life ending embryonic stem cell research
  – Pornography
  – Militarism
  – Landmines
  – Firearms

• A portion of the portfolio may be managed to align with and/or promote the intended positive outcomes of the USCCB investment polices, emphasizing wherever possible those outcomes that most closely align with the mission to build a just and compassionate society rooted in the dignity of all people.
In 1970 the Common Investment Fund (CIF) was established as a commingled vehicle for equity and fixed income investments. CIF investing is available to RCAB Parishes, Schools, Cemeteries and related organizations.

In 1995 CIF formed a partnership with the RCAB Lay Pension Plan and Clergy Funds to collectively pool each institutions investments. The new pooled investment vehicle is referred to as the RCAB Collective Investment Partnership (CIP).

CIF invests substantially all of its assets in CIP.
Partners of the Collective Investment Partnership

$530M total net assets as of December 31, 2021
Members of the Common Investment Fund

Top 5 CIF members as of December 31, 2021

<table>
<thead>
<tr>
<th>INSTITUTION</th>
<th>MARKET VALUE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Catholic Community Fund</td>
<td>$72M</td>
</tr>
<tr>
<td>Cemetery Association</td>
<td>$63M</td>
</tr>
<tr>
<td>Revolving Loan Fund</td>
<td>$52M</td>
</tr>
<tr>
<td>St. John’s Seminary</td>
<td>$42M</td>
</tr>
<tr>
<td>iCatholic Media</td>
<td>$23M</td>
</tr>
<tr>
<td>TOTAL</td>
<td>$238M</td>
</tr>
</tbody>
</table>

- Parishes and their related schools and cemeteries comprise the majority of the remaining $161 million of investments in the CIF.
Collective Investment Partnership
Performance Review – Calendar Year 2021

- The Investment Committee develops benchmarks from a variety of market indices to assist in evaluating investment managers.

<table>
<thead>
<tr>
<th>Period*</th>
<th>Annual Performance</th>
<th>Benchmark Comparison**</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-Year</td>
<td>10.0%</td>
<td>10.1%</td>
</tr>
<tr>
<td>12/31/20 – 12/31/21</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3-Year</td>
<td>14.7%</td>
<td>14.5%</td>
</tr>
<tr>
<td>12/31/18 – 12/31/21</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5-Year</td>
<td>10.0%</td>
<td>10.2%</td>
</tr>
<tr>
<td>12/31/16 – 12/31/21</td>
<td></td>
<td></td>
</tr>
<tr>
<td>10-Year</td>
<td>8.4%</td>
<td>9.0%</td>
</tr>
<tr>
<td>12/31/11 – 12/31/21</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inception</td>
<td>6.9%</td>
<td>7.7%</td>
</tr>
<tr>
<td>12/01/95 – 12/31/21</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* Rates of return for periods longer than one year have been annualized.
** Benchmark comprised of: 15% BBgBarc US Govt\Credit Int Bond + 15% BBgBarc Aggr Bond + 20% S&P 500 + 20% R2500 + 10% MSCI EAFE (Net) + 10% MSCI Emerging Markets+ 10% HFRI FoF Composite.
Benchmark index is the return the fund would have earned had it been invested in the market indices matching proposed investment allocations, rebalanced monthly.
Income Opportunity Fund
Performance Review – Calendar Year 2021

• $64M assets under management
• Primary investment goals:
  – Preservation of Purchasing Power
  – Income
• Mix of fixed income and equity securities, with a focus on income generating securities, such as high dividend yield common stock, fixed income securities and preferred stock

<table>
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<tr>
<th>Period*</th>
<th>Annual Performance</th>
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</thead>
<tbody>
<tr>
<td>1-Year 12/31/20 – 12/31/21</td>
<td>8.1%</td>
</tr>
<tr>
<td>3-Year 12/31/18 – 12/31/21</td>
<td>10.9%</td>
</tr>
<tr>
<td>5 year 12/31/16 – 12/31/21</td>
<td>8.1%</td>
</tr>
</tbody>
</table>

*Periods greater than one year have been annualized
Fixed Income Fund
Performance Review – Calendar Year 2021

- $76M assets under management
- Primary investment goals:
  - Preservation of Capital
  - Preservation of Purchasing Power
- Substantially all investments are high quality fixed income securities with strong liquidity

<table>
<thead>
<tr>
<th>Period*</th>
<th>Annual Performance</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-Year 12/31/20 – 12/31/21</td>
<td>-0.1%</td>
</tr>
<tr>
<td>3-Year 12/31/18 – 12/31/21</td>
<td>1.8%</td>
</tr>
<tr>
<td>5-Year 12/31/16 – 12/31/21</td>
<td>1.6%</td>
</tr>
</tbody>
</table>

*Periods greater than one year have been annualized
Recordkeeping, Fees & Expenses

- Fees incurred by the investment funds include fees for investment managers & advisors, bank custody fees as well as fees incurred for RCAB administrative, accounting, technology and clerical services performed on behalf of the investment funds.

- Typical ratio of investment manager expenses to average net assets (expense percentage of the value of investments) are:
  
<table>
<thead>
<tr>
<th>Fund</th>
<th>Expense Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>FIF</td>
<td>0.19%</td>
</tr>
<tr>
<td>IOF</td>
<td>0.69%</td>
</tr>
<tr>
<td>CIP</td>
<td>0.79%</td>
</tr>
</tbody>
</table>

- The investment funds mail participant investment statements by the 15\textsuperscript{th} business day of the following month. Statements are also available via a portal also containing historical account data.

- CIF and CIP are audited on an annual basis by an independent public accounting firm, Grant Thornton LLP. FIF and IOF audits are being implemented for the prior fiscal year. Historical audited financial statements are available at bostoncatholic.org.
Purchases and Redemptions

- Subscriptions to, and redemptions from, the investment funds can only be made on the first business day of each calendar month. Notification of a request for redemption or purchase should be received by the Investment funds no later than the 15th day of the month preceding the transaction date.

- As a matter of policy, CIF distributes one percent (1%) of its net assets to its members at the end of every calendar quarter. All members receive a distribution to their account, but individual members can elect to either receive cash or to reinvest the distribution back into CIF on the first day of the following month.
Collective Investment Partnership
Investment Mix - December 31, 2021*

- Equity 70%
- Fixed Income 20%
- Cash & CE 1%
- Alternative 9%

* Investment mix is displayed by the underlying investment type and is used internally by management to track performance and asset allocation. Due to financial statement disclosure requirements the asset mixture appears differently on the audited financial statements of CIP.
Collective Investment Partnership
Equity Mix - December 31, 2021*

- Large Cap: 34%
- Sm/Mid Cap: 31%
- Emerging Markets: 18%
- Int'l Developed: 17%

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Collective Investment Partnership
Fixed Income Mix - December 31, 2021*

* Investment mix is displayed by the underlying investment type and is used internally by management to track performance and asset allocation. Due to financial statement disclosure requirements the asset mixture appears differently on the audited financial statements of CIP.
Income Opportunities Fund
Investment Mix - December 31, 2021*

* Investment mix is displayed by the underlying investment type and is used internally by management to track performance and asset allocation. Due to financial statement disclosure requirements the asset mixture may appear differently on audited financial statements.
Fixed Income Fund
Investment Mix – December 31, 2021*

* Investment mix is displayed by the underlying investment type and is used internally by management to track performance and asset allocation. Due to financial statement disclosure requirements the asset mixture may appear differently on audited financial statements.