



Catholic Foundation of Southwest Iowa

STATEMENT OF INVESTMENT POLICY

OBJECTIVES & GUIDELINES

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Statement of Investment Policy, Objectives and Guidelines

The Catholic Foundation of Southwest Iowa

SCOPE OF THIS INVESTMENT POLICY

This statement of investment policy reflects the investment policy, objectives, and constraints for the Catholic Foundation of Southwest Iowa (Catholic Foundation) Investment Funds, and follows the principles previously established by the Roman Catholic Diocese of Des Moines. The Investment Funds include the Named Funds (as defined herein), Agency funds and other participant funds, Endowment funds, other donor restricted and unrestricted funds. The Investment Funds will be allocated to one or more portfolios as identified in this investment policy.

PURPOSE OF THIS INVESTMENT POLICY STATEMENT

This statement of investment policy is set forth by the Board of Directors of the Catholic Foundation 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 of Fund assets.
3. Offer guidance and limitations to all Investment Managers regarding assets in the Investment Funds.
4. Establish a basis for evaluating investment results.
5. Manage Investment Funds according to prudent standards as established in common trust law, including the Uniform Prudent Management of Institutional Fund's Act (UPMIFA).
6. Establish relevant investment horizon for which the Fund assets will be managed.

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

**UPMIFA:
THE UNIFORM PRUDENT MANAGEMENT OF INSTITUTIONAL FUNDS ACT**

It is the intent of the Board of Directors and Investment Committee of the Catholic Foundation to follow the provisions and apply the investment standards of UPMIFA (www.upmifa.org) in the management of the Investment Fund. In managing and investing an institutional fund, all of the following factors, if relevant, must be considered:

- General economic conditions.
- The possible effect of inflation or deflation.
- The expected tax consequences, if any, of investment decisions or strategies.
- The role that each investment or course of action plays within the overall investment portfolio of the Fund.
- The expected total return from income and the appreciation of investments.
- Other resources of the Fund.
- An asset's special relationship or special value, if any, to the charitable purposes of the institution.
- The needs of the institution and the Fund to make distributions and to preserve capital.
- Management and investment decisions about an individual asset must be made not in isolation but rather in the context of the institutional Fund's portfolio of investments as a whole and as a part of an overall investment strategy having risk and return objectives reasonably suited to the Fund and to the institution.
- Except as otherwise provided by law other than UPMIFA, the institution may invest in any kind of property or type of investment consistent with this section of the investment policy.
- The institution shall diversify the investments of the institutional Fund unless it reasonably determines that, because of special circumstances, the purposes of the Fund are better served without diversification.
- Within a reasonable time after receiving property, the institution shall make and carry out decisions concerning the retention or disposition of the property or to rebalance a portfolio, in order to bring the institutional Fund into compliance with the purposes, terms, and distribution requirements of the institution as necessary to meet other circumstances of the institution and the requirements of this section of the investment policy.
- A person that has special skills or expertise, or is selected in reliance upon the person's representation that the person has special skills or expertise, has a duty to use those skills or that expertise in managing and investing institutional funds.

DELEGATION OF AUTHORITY

The Bishop of the Diocese of Des Moines, as President of the Catholic Foundation, is responsible for directing and monitoring the investment management of the Investment Funds. He relies on the professional guidance and expertise of the Catholic Foundation Board of Directors and particularly the Investment Committee of the Catholic Foundation. As such, the Bishop is authorized to delegate certain responsibilities to professional experts in various fields. These include, but are not limited to:

1. **Investment Consultant.** The consultant may assist the Investment Committee in: establishing investment policy, objectives, and guidelines; asset allocation; selecting investment managers; reviewing such manager over time; measuring and evaluating investment performance; and other tasks as deemed appropriate. The consultant is provided discretion to make tactical allocation decisions in order to respond to the strategic vision established in this policy and real-time portfolio needs.
2. **Investment Manager.** The investment manager has discretion to purchase, sell or hold the specific securities that will be used to meet the Investment Funds investment objectives.
3. **Custodian.** The custodian will physically (or through agreement with a sub-custodian) maintain possession of securities owned by the Investment Funds, 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 Investment Funds accounts.
4. **Additional specialists** such as attorneys, auditors, retirement plan consultants, and others employed by the Investment Committee to assist in meeting its responsibilities and obligations to administer Investment Funds prudently.
5. **Investment Committee.** The committee is designated by the Board of Directors of the Catholic Foundation. The Investment Committee will make recommendations to the Board of Directors regarding the management of the Investment Funds.

The Investment Committee reserves control over strategic decisions. Investment Managers will be held responsible and accountable to achieve the objectives herein stated. While it is not believed that the limitations will hamper investment managers, each manager should request modifications which they deem 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 Investment Funds as deemed appropriate and necessary.

DEFINITIONS

1. The Named Funds will include: Diocese of Des Moines Operating Endowment Fund, Diocese of Des Moines Schools Tuition Assistance Endowment Fund, Catholic Charities of Des Moines Fund in Honor of Larry Breheny, Diocese of Des Moines Hispanic Ministries Fund in Honor of Reverend Thomas Pfeffer, Diocese of Des Moines Priests Medical Insurance Endowment Fund, Diocese of Des Moines Seminarian Endowment Fund, Diocese of Des Moines Disability Endowment Fund in Honor of Jeanine Rothermal and Diocese of Des Moines Parish Mission Renewal Endowment Fund.
2. "Investment Committee" shall refer to the committee of the Catholic Foundation of Southwest Iowa Board of Directors established to administer the Investment Funds as specified by applicable ordinance and with the Foundation's trustees.

3. “Fiduciary” shall mean any individual or group of individuals that exercise discretionary authority or control over fund management or any authority or control over management, disposition or administration of Investment Funds assets.
4. “Investment Manager” shall mean any individual or group of individuals employed to manage the investments of all or part of the Investment Funds assets.
5. “Investment Consultant” shall mean any individual or organization employed to provide advisory services including, advice on investment objectives and/or asset allocations, manager search, and performance monitoring.
6. “Securities” shall refer to the marketable investment securities which are defined as acceptable in this statement.
7. “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 all funds shall be a minimum of ten years.

ASSIGNMENT OF RESPONSIBILITY

Responsibility of the Investment Consultant(s)

The Investment Consultant’s role is that of a non-discretionary advisor to the Investment Committee. Investment advice concerning the investment management of the Investment Funds will be offered by the Investment Consultant, and will be consistent with the investment objectives, policies, guidelines and constraints as established in this statement. Specific responsibilities of the Investment Consultant include:

1. Manage the Investment Funds in compliance with the standards according to Uniform Prudent Management of Institutional Fund’s Act (UPMIFA).
2. Assist in the development and periodic review of investment policy and objectives
3. Assist in the development and periodic review of the strategic asset allocation strategy.
4. Implement tactical asset allocation changes within the guidelines of the policy without Investment Committee approval.
5. Review the capital markets in light of the Investment Funds investment objectives.
6. Manage and track all defined risks in the portfolio.
7. Implement portfolio rebalancing within the guidelines of this policy without the approval of the Investment Committee.
8. Manage compensation negotiations with Investment Managers. Assist the Investment Committee in the determination, understanding, negotiation and accountability of all Investment Funds investment costs.
9. Conduct Investment Manager searches.
10. Make recommendations and provide “due diligence” or research on Investment Managers.
11. Provide the performance of the individual portfolios comprising the total Investment Funds and individual Investment Manager(s) to assist the Investment Committee with the ability to determine the progress toward the investment objectives.
12. Communicate matters of policy, manager research, and manager performance to the Investment Committee.
13. Provide continual guidance, monitoring and oversight of the Investment Funds.
14. Review fund investment history, historical capital markets performance and the contents of this investment policy statement with any newly appointed member(s) of the Investment Committee.
15. The Investment Consultant must operate without any undisclosed conflict of interest.
16. Provide Custody services including maintain possession of securities, collect dividend and interest payments, redeem maturing securities, effect receipt and delivery following purchases and sales.

Responsibility of the Investment Manager(s)

Each Investment Manager must acknowledge in writing its acceptance of responsibility as a fiduciary. 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 policies, guidelines, constraints, and philosophies as outlined in this statement. Specific responsibilities of the Investment Manager include:

1. Investment managers are required to maintain prudent diversification and manage the risk of their portfolios.
2. Discretionary investment management including all decisions to buy, sell, or hold individual securities and to alter asset allocations within the guidelines of their stated methodology.
3. Reporting on a timely basis, quarterly investment performance results.
4. Communicate any major changes to the economic outlook, investment strategy, or any other factors which affect implementation of investment process, or the investment objective progress of the Fund's investment management.
5. Inform the Investment Management Consultant regarding any qualitative change to the investment management organization; Examples include changes in portfolio management personnel, ownership structure, investment philosophy, etc.
6. Vote proxies, if requested by the Investment Committee, on behalf of the Investment Funds, and communicate such voting records to the Investment Committee as requested.
7. The Investment Manager(s) must operate without any undisclosed conflicts of interest.

RESPONSIBILITY OF THE INVESTMENT COMMITTEE

The Catholic Foundation Board of Directors has established the Investment Committee, which is responsible for directing management of the Investment Funds and monitoring compliance with their policies and guidelines. While the Board bears ultimate responsibility for the Investment Funds, the Committee shall recommend to the Board the general policy for the Investment Funds and shall be responsible for day-to day guidance, monitoring and oversight. Specific responsibilities of the Investment Committee include:

1. Adhere to the guidelines as defined in the Uniform Prudent Management of Institutional Fund's Act (UPMIFA) and all other applicable regulations.
2. Monitor and review this Statement of Investment Policy and recommend any amendments to the Board.
3. Review and approve the overall strategic asset allocations for the Investment Funds.
4. Periodically review and make recommendations to the Board regarding the spending policy of the Investment Funds.
5. Review the performance in light of the Investment Fund investment objectives, on a quarterly basis.
6. Review the hiring, evaluation and removal of Investment Managers for Investment Funds.

Receive, review and retain the reports of the Investment Management Consultant, Investment Managers and other specialists on the financial condition of the Investment Funds.

GENERAL INVESTMENT PRINCIPLES

1. Investments shall be made solely in the interest of the beneficiaries of the Investment Funds.
2. The Investment Funds shall be invested with care, skill, prudence, and diligence under the circumstances then prevailing that a prudent man acting in the capacity and familiar with such matters would use in the investment of a fund of like character and with like aims.
3. The Investment Funds will comply with applicable laws and regulations and apply the standards of UPMIFA in managing the Investment Funds.
4. Investments shall be diversified so as to minimize the risk of large losses, unless under the circumstances it is clearly prudent not to do so.
5. The Investment Committee may employ one or more Investment Managers of varying styles and philosophies that attain the Investment Fund objectives.
6. The Board and Committee understand that risk is present in all types of securities and investment styles and recognize that some risk is necessary to produce long-term investment results that are sufficient to meet the objectives of the Investment Funds. However, the Investment Managers are to make reasonable efforts to control risk, and will be evaluated regularly to ensure that the risk assumed is commensurate with the given investment style and objectives.
7. Investment Managers are expected to adhere to the investment management styles for which they were hired. Investment Managers will be evaluated quarterly for adherence to investment discipline.
8. Cash is to be employed productively at all times, through investment in short term cash equivalents to provide safety, liquidity, and return.

INVESTMENT OBJECTIVES

In order to meet its needs, the investment strategies of the Investment Funds and the dedicated portfolios are to emphasize total return; that is, the aggregate return from capital appreciation and dividend and interest income. The Investment Funds have a long-term investment horizon, defined as greater than 10 years. The primary objective of the Investment Funds shall be:

- Long Term Growth of Capital After Spending - To emphasize long term growth of principal after spending while avoiding excessive risk.

SPECIFIC INVESTMENT GOALS

Each portfolio within the Investment Funds has a specific investment goal over the investment horizon as stated in this policy:

- **Strategic Growth Fund:** Achieve an absolute return of 7% over a full economic and investment cycle. The absolute return objective of 7% will be reviewed and measured within the context of comparative market returns during the full economic and investment cycle.
- **Moderate Growth Fund:** Achieve an absolute return of 4.0% over a full economic and investment cycle. The absolute return objective of 4.0% will be reviewed and measured within the context of comparative market returns during the full economic and investment cycle.
- **Capital Reserve Fund:** Achieve a return in excess of 30 day US T Bills +0.50% over a full economic and investment cycle.
- **Catholic Values Money Market Fund:** To maintain absolute price stability while paying the relevant risk-free rate of interest

The investment goals are for the three aggregate portfolios, not individual accounts within those portfolios. The goal of each Investment Manager, over the investment horizon, shall be to:

1. Meet or exceed the market index, or blended market index, selected and agreed upon by the Investment Committee and Investment Management Consultant that most closely corresponds to the style of investment management.
2. Display an overall level of risk in the portfolio that is consistent with the risk associated with the benchmark specified above. Risk will be measured by the standard deviation of quarterly returns, the portfolio beta, alpha, capture ratios and other forms of risk measurement.

INVESTMENT POLICIES AND PROCEDURES

SPENDING POLICY (*UPDATED MARCH 6, 2014, NOVEMBER 4, 2015, FEBRUARY 2024*)

The Spending Rate on the Investment Funds will be reviewed annually and communicated to the Diocese of Des Moines Finance Council. The Spending Rate will be set in a range of 3.75% - 5.0% as per board decision in 2023. More than 3.75% must be approved by CFSWIA Board prior to use.

The annual Spending Rate will be calculated based on the average of the trailing 20 quarters (or since inception if 20 quarters are not available) market value of the Investment Funds as of each June 30 of the previous fiscal year.

The determination of the annual Spending Rate will take into consideration the needs of the Diocese of Des Moines as well as the Investment Objectives of the Investments set forth herein.

The Board of Directors of the Catholic Foundation has set the spending policy for the Named Funds within the following ranges:

Diocese of Des Moines General Operating Endowment Fund: Minimum of 0% up to a maximum of 5.0% on an annual basis if approved by CFSWIA Board.

Diocese of Des Moines Priests Medical Insurance Endowment Fund: Minimum of 0% up to a maximum of 5.0% on an annual basis if approved by CFSWIA Board.

Diocese of Des Moines Seminarian Endowment Fund: Minimum of 0% up to a maximum of 5.0% on an annual basis if approved by CFSWIA Board.

Catholic Charities of Des Moines Endowment Fund in Honor of Larry Breheny: Minimum of 0% up to a maximum of 5.0% on an annual basis if approved by CFSWIA Board.

Diocese of Des Moines Schools Tuition Assistance Endowment Fund: Minimum of 0% up to a maximum of 5.0% on an annual basis if approved by CFSWIA Board.

Diocese of Des Moines Hispanic Ministries Endowment Fund in Honor of Reverend Thomas Pfeffer: Minimum of 0% up to a maximum of 5.0% on an annual basis if approved by CFSWIA Board.

Diocese of Des Moines Parish Mission Renewal Endowment Fund: Minimum of 0% up to a maximum of 5.0% on an annual basis if approved by CFSWIA Board.

Diocese of Des Moines Disability Endowment Fund in Honor of Jeanine Rothermal: Minimum of 0% up to 5.0% on an annual basis if approved by CFSWIA Board.

*The balance available for distribution will be calculated based on the average trailing 20 quarters market value of each Named Fund.

DISTRIBUTION REQUESTS (UPDATED MARCH 6, 2014, FEBRUARY 2024)

Distributions from the Investment Funds in accordance with the spending rate may be requested by the Diocese of Des Moines. Spending rates for each of the Named Funds, as noted above, will be calculated using the 20 quarter average Fund balance as of June 30 of the preceding budget year. At the beginning of each fiscal year, the Diocese of Des Moines will provide an overall request for each Fund and a schedule of anticipated distributions for the following 12 month period.

Individual distribution requests (per schedule provided at beginning of year) should be submitted in writing to the Catholic Foundation at least 10 business days in advance of distribution. Any distribution of the Fund Property shall be subject to the approval of the Catholic Foundation Board of Directors, and shall not be unreasonably withheld and will be made in as timely manner as possible. However, that portion of the Fund Property which may be invested in illiquid investments, such as real estate, partnerships, etc., may be distributed in-kind, if possible, or held until an orderly liquidation is possible.

DEFINITION OF RISK

The Investment Committee realizes that there are many ways to define risk. It believes that any person or organization involved with the process of managing the Funds' assets should understand how it defines risk so that the assets are managed in a manner consistent with the Fund's objectives and investment strategy.

The Investment Committee defines risk as:

- *The probability of not maintaining purchasing power, after spending, over a long-term time horizon.*

To measure risk for the management of the investment portfolios, a variety of risk measurements will be considered and evaluated, including volatility as defined by standard deviation, beta, alpha and capture ratios. These risk measurements will be included in the quarterly performance reports.

STRATEGIC ASSET ALLOCATION

The assets in each portfolio (Strategic, Moderate, and Capital Reserve) shall be invested using strategic asset allocation that is designed to meet the specific portfolio's long-term goals. The allocation will be based on the objectives set forth in this policy statement.

The strategic asset allocation shall be implemented using a policy portfolio, as set forth in the Asset Allocation Addendum, with target allocations and parameters for each macro asset class. Due to the need for diversification and the longer funding periods for certain investment strategies, the Committee recognizes that an extended period of time may be required to fully implement the asset allocation plan. It is expected that market value fluctuations will cause deviations from the target allocations to occur.

The strategic asset allocation targets and asset class minimum/maximum limits for each of the three portfolios are provided in the Asset Allocation Addendum and subject to modification and change based on recommendations from the Investment Management Consultant and approval of the Investment Committee.

Tactical asset allocation is defined as changes made by the Investment Consultant to the target allocation within the asset class minimum/maximum limits as set forth in the Asset Allocation Addendum.

The Investment Consultant and the Investment Committee will review the Asset Allocation Addendum annually to ensure consistency with the objectives defined in this Statement of Investment Policy.

LIQUIDITY

Income from the invested assets may be paid and any shortage to the income goal will be taken from capital growth if necessary. The trustees of the Catholic Foundation will have discretion as to whether the full spending amount is needed. The Investment Committee may delegate a representative from the committee to request funds.

Liquidity is the time to convert a security to cash at little or no loss. Certain investment strategies have different liquidity characteristics. To better define the liquidity of various investment strategies, the following definitions will apply:

Liquid – Marketable securities with daily liquidity or up to one-week, depending on capital market conditions.

Semi-liquid – Liquidity greater than one week or up to one-year depending on capital market conditions. Generally, this is quarterly liquidity and includes alternative investments with securities in limited partnership structures such as Hedge Funds, Managed Futures and other program structures.

Illiquid - Liquidity greater than one-year. Includes investments in Private Equity, Private Real Estate, Infrastructure and other investments that require a schedule of capital call funding and distributions over a longer than one-year time period.

Considering the various liquidity definitions, the table below will outline the liquidity restrictions for the portfolios:

Maximum % of Strategic and Moderate Portfolios (at cost):

Liquid:	100%
Semi-Liquid:	15%
Illiquid:	20%

The Capital Reserve Portfolio will have no allocation to Illiquid or Semi-Liquid investments.

Rebalancing Guidelines

Liquid Securities: Market movements may cause the asset class allocations (as detailed in the Asset Allocation Addendum) to deviate from the target portfolio weights. Quarterly, the Investment Consultant will review the each portfolio and rebalance when an asset class deviates from its minimum or maximum policy allocation. Cash flows into or out of the portfolio will be utilized to rebalance the portfolio toward the strategic allocation or a tactical allocation implement by the Investment Consultant.

Semi-Liquid and Illiquid Securities: Market movements may cause Semi-Liquid and Illiquid securities to exceed their maximum liquidity restrictions or their policy allocations. As these types of assets have unique liquidity rules and related notification periods, each instance of non-compliance will be brought to the attention of the Investment Committee by the Investment Consultant with a recommendation to bring the allocation back into compliance as quickly as possible.

SELECTION OF INVESTMENT MANAGERS

The selection of Investment Manager(s) must be based on prudent due diligence procedures. The Manager selection process should include both quantitative and qualitative characteristics. A qualifying investment manager must be a registered investment advisor under the Investment Advisors Act of 1940 (“Act”), or an entity that qualifies for an exemption under the Act. The Investment Committee will use the services of a qualified Investment Management Consultant to assist in the Manager Selection and evaluation process.

Investment Manager Risk:

Investment managers are required to maintain prudent diversification and manage the risk of their portfolios. The Investment Consultant will maintain responsibility for the evaluation of the diversification and risk management of the investment managers and their continued due-diligence to assure the investment managers are operating according to the stated investment methodology approved by the Investment Consultant and Investment Committee. In the evaluation of investment managers, the following risk factors and exposures will be considered but not be limited to the following:

Equity Managers

- Evaluating methodology of security selection and portfolio construction
- Benchmark used for performance evaluation
- Role of manager in the portfolio
- Diversification in economic & geographic sectors
- Diversification in market capitalization

Fixed Income Managers

- Evaluating methodology of security selection and portfolio construction
- Benchmark used for performance evaluation
- Role of manager in the portfolio
- The overall duration and yield of the portfolio in relation to various specific benchmarks
- Diversification in economic sectors
- Diversification in the type of fixed-income securities
- The quality of the Securities
- The allocation of foreign security investing

Absolute Return / Equity Hedge and Real Asset / Real Return Managers

- Evaluating methodology of security selection and portfolio construction
- Benchmark used for performance evaluation
- Role of manager in the portfolio
- Gross & Net exposure to sub asset classes
- Diversification across investment strategy
- Diversification in economic & geographic sectors
- Leverage utilized
- Liquidity profile

PERFORMANCE MEASUREMENT

Performance reports generated by the Investment Consultant shall be completed at least quarterly and communicated to the Investment Committee for review.

The Investment Committee will compare the total net return of the three Funds to the absolute return objective of each of the three Funds (detailed below). The performance will be evaluated over a full economic and investment cycle; defined as 7 years. The performance of the broad market during that period will also be reviewed. Consideration shall be given to the extent to which the investment results are consistent with the investment objectives, goals, and guidelines as set forth in this statement.

- **Strategic Growth Fund** – absolute return objective of 7%
- **Moderate Growth Fund** – absolute return objective of 4.0%
- **Capital Reserve Fund** – return objective of 30 day US T Bills +0.50%
- **Catholic Values Money Market Fund** – cash equivalents, no return objective

Performance Guidelines for Investment Managers

The goal of each Investment Manager shall be, but is not limited to:

- Meet or exceed the market index or blended market index that most closely corresponds to the style of investment management on a risk-adjusted basis. A record of the benchmark parameters (indices, etc.) used to evaluate each investment manager is included in the quarterly performance monitors.
- Display an overall level of risk in the portfolio which is consistent with the risk associated with the benchmark specified. Risk will be measured by, but not limited to standard deviation of quarterly returns, the portfolio beta, alpha and capture ratios. Investment managers are required to maintain prudent diversification and manage the risk of their portfolios.

The Investment Committee intends to evaluate the portfolios over at least a three-year period, but reserves the right to terminate an Investment Manager for any reason including the following:

1. Investment performance which is significantly less than anticipated given the discipline employed and the risk parameters established, or unacceptable justification of poor results.
2. Failure to adhere to any aspect of this statement of investment policy, including communication and reporting requirements.
3. Significant qualitative changes to the investment management organization.

Investment Manager (s) shall be reviewed regularly regarding performance, personnel, strategy, research capabilities, organizational and business matters, and other qualitative factors that may impact their ability to achieve the desired investment results.

INVESTMENT POLICY REVIEW

To assure continued relevance of the guidelines, objectives, financial status and capital markets exceptions as established in this statement of investment policy, the Investment Committee plans to review this investment policy and fees for service at least annually.

CONFLICTS OF INTEREST

All persons responsible for investment decisions or who are involved in the management of the Investment Funds or who are consulting to, or providing any advice whatsoever to the Committee, shall disclose in writing at the beginning of any discussion or consideration by the Committee, any material interest(s) which the person has or may reasonably be expected to have, with respect to any investment issue under consideration. The Committee may require such persons to remove themselves from the decision-making process.

Any member of the Committee responsible for investment decisions or who are involved in the management of the Investment Funds shall refuse any remuneration, commission, gift, favor, service or benefit that might reasonably tend to influence the member in the discharge of their duties, except as disclosed in writing to and agreed upon in writing by the Committee. The intent of this provision is to eliminate conflicts of interest between the Committee members and the Funds. Failure to disclose any material benefit shall be grounds for immediate removal from the Committee. This provision shall not preclude the payment of ordinary fees and expenses to Custodian(s), Investment Managers or Consultant in the course of their services on behalf of the Endowment.

Related Party Transaction: The Funds will not loan funds to related parties, defined as an officer, Committee member, donor, employee of the Foundation or the Diocese of Des Moines, the Consultant, Custodian, or any Investment Manager, either current or prospective.

This statement of investment policy is adopted on February 14, 2024, by the Board of Directors of the Catholic Foundation of Southwest Iowa as noted in approved minutes on this date.

INVESTMENT CONSTRAINTS ADDENDUM

The Investment Committee reserves the right to restrict specific investments at any time by communication to the Investment Management Consultant and/or Investment Manager(s).

The Investment Management Consultant and the Investment Manager(s) shall immediately divest any investment that the Bishop of Des Moines, in his sole and absolute discretion, deems unsuitable.

CATHOLIC VALUES INVESTING

The Catholic Foundation is called to exercise faithful, competent and socially responsible stewardship in how it manages its financial resources. As a Catholic organization, the Catholic Foundation draws the values, directions, and criteria which guide its financial choices from the Gospel and the universal church teaching. The Investment Committee believes that it will be meeting the needs of the Diocese and society by avoiding companies whose primary business may harm society in one or more ways.

Expectations of Catholic Values Investing

The Catholic Foundation desires to be consistent with the socially responsible investment guidelines described in the November 12, 2003, document issued by the U.S. Conference of Catholic Bishops (USCCB Guidelines).

The Catholic Foundation requires 90% of all Fund assets to be in compliance with the USCCB guidelines. The Investment Consultant and the Investment Committee will monitor compliance with this ratio of total Fund asset compliance.

USCCB compliance requirements include:

- Absolute exclusion of investment in companies whose activities include direct participation or support of abortion. Direct participation in abortion may include, but not be limited to; companies involved in the manufacture of abortifacients and publicly held healthcare companies that perform abortions when not absolutely required by federal or state law.
- The Funds will not invest in companies that manufacture contraceptives or derive a significant portion of revenues from the sale of contraceptives, even if they do not manufacture them.
- The Funds will not invest in companies that engage in scientific research and human fetuses or embryos that (1) results in the end of pre-natal human life; (2) makes use of tissue derived from abortions or other life-ending activities; or (3) violates the dignity of a developing person. Specific activities covered by this policy will include:
 - i. Embryonic stem cell research (ESCR)
 - ii. Fetal tissue research or stem cell research derived from embryos; and
 - iii. Human cloning
- Avoid investments in companies with Human Rights concerns
- Avoid investments and divest from investments in companies whose policies are found to be discriminatory against people of varied ethnic and racial backgrounds that have been historically disadvantaged.
- Avoid investments and divest from investments in companies whose policies are found to be discriminatory against women.
- The Funds will not invest in companies whose purpose is to appeal to a prurient interest in sex, to incite sexual excitement or any relation thereto.

- Avoid investments in companies primarily engaged in military weapons production or the 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).
- The Funds will not invest in companies that are directly involved in the manufacture, sale or use of anti-personnel landmines.
- Avoid investments in companies with poor labor policies, worker safety issues or involvement in sweatshops used in the manufacture of goods.
- Avoid investments or depository relationships with financial institutions that receive less than a “satisfactory” rating from the federal regulatory agencies under the Community Reinvestment Act.
- Avoid investments in companies with poor environmental policies and social responsibility practices.

**INVESTMENT CONSTRAINTS:
SPECIFIC TO CATHOLIC VALUES MONEY MARKET FUND**

The purpose of this portfolio is to provide an alternative cash & cash equivalents solution to those entities with excess cash being held.

The fund consist of 100% government money market fund which seeks to provide absolute price stability while paying the risk-free rate of interest.

The following restrictions apply to this portfolio:

- Must contain no corporate commercial paper
- Average duration of less than one month
- Must be \$1 Net Asset Value product
- 100% USCCB Compliant

Please see the Asset Allocation Addendum for allocation limits of this investment.

ASSET ALLOCATION ADDENDUM

STRATEGIC ASSET ALLOCATION

The following strategic asset allocations detail each Fund's investment portfolio in light of the current forecast for the economy and the expected returns for various asset classes. The strategic asset allocation outlined utilizes Modern Portfolio Theory (MPT). MPT's central theme is based on maximizing the expected return of a given portfolio for a given amount of portfolio risk. Asset allocation and diversification are cornerstone concepts of MPT.

Strategic Growth Fund

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Minimum Allocation</u>	<u>Maximum Allocation</u>
Cash	0%	0%	15%
Global Equity	60%	40%	80%
Global Fixed Income	20%	5%	35%
Alternative Investments	20%	0%	40%
Total Portfolio (Target Allocation)	100%		

Moderate Growth Fund

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Minimum Allocation</u>	<u>Maximum Allocation</u>
Cash	0%	0%	20%
Global Equity	30%	10%	50%
Global Fixed Income	50%	30%	70%
Alternative Investments	20%	0%	30%
Total Portfolio (Target Allocation)	100%		

Capital Reserve Fund

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Minimum Allocation</u>	<u>Maximum Allocation</u>
Cash	50%	0%	100%
Global Fixed Income	50%	0%	100%
Total Portfolio (Target Allocation)	100%		

Catholic Values Money Market Fund

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Minimum Allocation</u>	<u>Maximum Allocation</u>
Cash Equivalent Money Market Fund	100%	100%	100%