Catholic COMMUNITY FOUNDATION
OF MID-MICHIGAN

INVESTMENT POLICY STATEMENT

December 2024

GENERAL PHILOSOPHY

The Plan portfolio was established to provide for the collective investment of funds deposited by the Catholic Community Foundation of Mid-Michigan (CCFMM) for the ministries of the Diocese of Saginaw and its Catholic parishes, schools, and organizations. Assets will be invested with an emphasis on the total rate of return – defined as income plus realized and unrealized capital gains and losses. The returns 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 of Trustees 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 to be meaningful, yet flexible enough in order to be practical.

DEFINITIONS

1. **"Plan"** shall mean the Catholic Community Foundation of Mid-Michigan.

2. **"Board"** shall refer to the Board of Trustees established to administer the Plan.

3. **"Committee"** shall refer to the Investment Committee established to advise the Board of Trustees.

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

5. **"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.

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

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 evaluating Investment Managers is a three to five (3-5) year economic cycle.

DELEGATION OF AUTHORITY

The Board of Trustees 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; monitoring 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 affect 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, except for specific limitations described in these statements. Investment Managers will be held responsible and accountable for following policy and achieving the objectives herein stated. While it is believed that the limitations will not hamper Investment Managers, Investment Managers should request modifications when they deem them appropriate.

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

ASSIGNMENT OR RESPONSIBILITY

Responsibilities of the Committee

The Committee is responsible for advising the Board of Trustees. The Committee 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 investor, acting in a like capacity and familiarity with such matters, would use in the conduct of an enterprise of a like character with like aims. The advisory responsibilities of the Committee include:

1. Projecting the Plan's financial needs and communicating such needs to the Investment Managers on a timely basis.

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

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

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

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

6. The Board assigns the authority to sign contracts in keeping with these investment policies to the President of the Board, the Committee Chairperson, and the Executive Director.

Responsibilities of the Investment Consultant(s)

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

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

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

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

5. Communicating the matters of policy, Investment Manager research, and Investment Manager performance to the Committee on a quarterly basis or more often as appropriate.

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

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 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 Committee. Presenting to the Committee 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 Committee and Investment Consultant.

5. Informing the Committee and the Investment Consultant regarding any qualitative change to investment management organization such as changes in portfolio management personnel, ownership structure, investment philosophy, etc.

6. Voting proxies on behalf of the Plan assets managed by the Investment Manager. Keeping detailed records of said voting of proxies and related actions and complying with all regulatory obligations related thereto.

7. 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 presented to the Investment Manager in writing.

8. If at any time the Investment Managers feel that the guidelines restrict their performance, or that the objectives cannot be met, the Committee and the Investment Consultant 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 investor acting in like capacity and familiar with such matters would use in the investment of the fund of like character and with like aims.

3. Investment of the Plan shall be so diversified as to minimize the risk of large losses, unless under the circumstances it is clearly prudent not to do so.

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

5. Cash is to be always employed productively by investment in short-term cash equivalents to provide safety, liquidity and return.

6. Investments in securities that conflict with official moral and social teachings of the Roman Catholic Church are prohibited. A list of prohibited securities will be provided to the Investment Manager as detailed below.

MORAL AND SOCIAL RESPONSIBILITY

Regarding 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. A list of excluded securities will be supplied to the Investment Manager(s) on an annual basis by the Investment Consultant and the Board. The principles by which the exclusionary list will be compiled are consistent with the Bishops' Pastoral Statement regarding Socially Responsible Investing Guidelines. These principles are as follows:

- Protecting Human Life
- Promoting Human Dignity
- Enhance the Common Good
- Pursuing Economic Justice
- Saving our Global Common Home

The restrictions detailed above will necessitate that the CCFMM will either pursue investments through separately managed accounts that can be screened or a mutual fund that has been specifically screened utilizing the USCCB guidelines. Should the Board elect to implement in whole or part using mutual funds, exchange traded funds, Delaware business trusts, or limited partnerships, the Board recognizes that the preceding guidelines cannot apply. Instead, the policies outlined in the prospectus, offering memorandum, investment agreement, contract and/or other related documents would take precedence.

USCCB website: Socially Responsible Investment Guidelines 2021 (003).pdf (usccb.org)

INVESTMENT MANAGEMENT POLICY

1. **Preservation of Capital** – Consistent with their respective investment styles and philosophies, Investment Managers should make reasonable efforts to preserve capital, understanding that losses may occur in individual securities because of market cycles and/or security-specific conditions.

2. **Risk/Aversion** – Understanding that risk is present in all types of securities and investment styles, the Committee recognizes that some risk is necessary to produce long-term investment results that are sufficient to meet the Plan's objectives. 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.

3. **Adherence to Investment Discipline** – Investment Managers are expected to adhere to the investment management styles for which they were hired. Investment

4. Managers will be evaluated regularly for adherence to investment discipline.

INVESTMENT OBJECTIVES

To meet its needs, the investment strategy of the Plan is to emphasize long-term appreciation of the assets and consistency of total portfolio returns; that is, the aggregate return from capital appreciation and dividend and interest income.

Specifically, the primary objectives in the investment management for Plan assets shall be:

1. Income Requirements – Earn sufficient income for financial requirements.
2. Liquidity – Maintain the ability to buy or sell an asset to meet cash needs of the Foundation.
3. Preservation of Capital – Over the investment time horizon, capital gains are to be protected. A positive return should be experienced over the investment time horizon.
4. Preservation of Purchasing Power – Asset growth, exclusive of contributions and withdrawals, should exceed the rate of inflation to preserve purchasing power of the Plan's assets.
5. The asset allocation may change because of changing needs of the Plan over time.

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 comprised of 45% S&P 1500, 15% MSCI ACWI ex-U.S. and 27.50% Barclays Intermediate Government Credit Bond Index, 7.50% FTSE 3 Month T Bill, 3.75% ICE BofA 1-3 Yr Gov/Credit A Rated and Above, and 1.25% NCREIF.

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 Committee that most closely corresponds to the Investment Manager's style of investment management.

2. Display an overall level or 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.

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 period. Shorter time periods may be used to determine the trend of out-performance, deficiencies, or termination.

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 Committee will periodically provide the investment manager with an estimate of expected net cash flow. The Committee 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 for managers not specifically designated as Alterative Investment Managers include but are not limited to the following:

1. Investments in guaranteed insurance contracts, tax exempt securities, commodities, futures, and options.

2. Direct real estate investments, except for direct placement mortgage pools.

3. Investment in lettered stock or unregistered securities.

The Committee shall have the authority to recommend to the Board the use of Alternative Investment Managers who may have the authority to invest some or all the prohibited assets referenced above.

Prohibited Transactions

Prohibited transactions for managers not specifically designated as Alternative Investment Managers include, but are not limited to the following:

1. Short Selling.
2. Margin Transactions.
3. Short-term financial instruments are considered to contain speculative characteristics.
4. The use of "primes" and "scores."
5. Securities lending, pledging, or hypothecating securities.
6. Purchase of U.S. Domestic Stock with market capitalization less than $200 million except for the Small Cap Fund.
7. Managers purchasing their own company's issues except in an index fund and except as otherwise agreed to by the Committee in writing.
8. Turnover of the fund exceeding 150% in any twelve-month period, except for U.S. Government securities.
9. 144A securities.

The Committee shall have the authority to recommend to the Board the use of Alternative Investment Managers who may have the authority to invest some or all of the prohibited assets referenced above.

Domestic Equities

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% of the domestic equity manager's portfolio at the time of purchase, or 2.5% above the benchmark weight, will be invested in any single company.
3. Invest no more than three times the sector weighting of the respective domestic equity benchmark or up to 40% in one sector, whichever is greater.

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 Investment Manager will notify the Committee and the Investment Consultant 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 or traded over-the-counter. Such securities include foreign common stock, American Depositary Receipts, and Global Depositary Receipts (GDR's).

2. Securities of governments, companies or entities headquartered inside 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 Trustees.

3. No more than the greater of 5% of the foreign equity manager's portfolio at market at the time of purchase, or 1.5% above the benchmark weight will be invested in any single company.

4. Invest no more than three times the sector weighting of the respective foreign equity benchmark or up to 30% in one sector, whichever is greater.

5. No more than 30% of the foreign equity manager portfolio's market value shall be invested in any one country.

6. No more than 30% of the foreign equity portfolio's market value shall be invested in emerging markets.

The restrictions set forth above in items #4-6 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 Investment Manager will notify the Committee and the Investment Consultant and discuss the Investment Manager's reasons for the portfolio's weightings.

Fixed Income

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

2. The average quality rating of the fixed income portfolio shall be A or better.

3. Only corporate debt issues that hold a rating in one of the four highest classifications by a NRSRO may be purchased. For bonds with split ratings, the lower rating will determine whether or not the bond is acceptable. The manager should avoid holding securities that hold a rating less than BBB by a NRSRO except in the case of unanticipated downgrades. The manager should immediately alert the Committee and the Investment Consultant when any downgrade below BBB by a NRSRO occurs and should outline the course of action anticipated for that security.

4. 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.

5. The individual Investment Manager has latitude to adjust the overall duration of their fixed income portfolio within +/- 10% of their specific benchmark.

Alternatives

1. Securities which fall outside the scope of traditional investments (stocks, bonds and cash) or are strategies investing in securities using alternative means (derivatives, leverage, short selling) or any combination thereof are designated "alternative" investments.

2. Alternative Investments will be expected to provide diversification from traditional capital market risk.

3. Alternative Investments include, but are not limited to:

   a. Hedge Funds

   b. Private Equity and/or Mezzanine Debt

   c. Inflation-Linked Investments

   d. Distressed Securities

   e. Commodities

   f. Real Estate

   g. Timber

   h. Tactical Asset Allocation Mutual Funds

   i. Emerging Markets Fixed Income

4. Alternative Investments will not always be expected to provide daily liquidity. However, any alternative investment with limited liquidity will be expected to provide a rate of return more than that available through the public equity and fixed income markets and will be expected to provide a rate of return in excess of the majority of peers in its specific asset class.

5. Alternative investments will not always be expected to provide complete transparency. However, any alternative investment with limited transparency will be expected to provide a rate of return more than that available through the public equity and fixed income markets and will be expected to provide a rate of return in excess of the majority of peers in its specific asset class.

6. Excessive leverage within alternative investments shall not be permitted.

7. The management and performance fees of any alternative investment must not be excessive relative to its ss.

Cash Equivalents

1. Liquid Reserves or Cash Equivalents are defined as Commercial Paper, Certificate of Deposits, 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%).

Mutual Funds

Mutual funds may be used as investment vehicles. The Committee recognizes that they cannot give specific policy directives to a fund (whose policies are already established). Therefore, the investments in mutual funds shall be managed in accordance with the objectives, policies and restrictions set forth in the mutual fund's prospectus. For mutual funds, the prospectus of the fund will govern the investment policies of the fund's investments.

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 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 Committee.

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 Committee will review the allocation on a periodic basis and rebalance the asset allocation if the targeted percentage exceeds the actual investment by +/- 7%.

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

1. Aggregate Plan Asset Allocation Guidelines (At Market Value):

Domestic Equity	45%
International Equity	15%
Fixed Income	37.5%
Alternatives	2.50%

2. The Committee may employ Investment Managers whose investment disciplines require investment outside the established asset allocation guidelines. However, taken as a component of the aggregate Plan, such disciplines must fit within the overall asset allocation guidelines established in this statement. Such Investment Managers will receive written directions from the Committee regarding specific objectives and guidelines.

SELECTION OF INVESTMENT MANAGERS

The Committee's selection of Investment Manager(s) must be based on prudent due diligence procedures. The Committee 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. Performance reporting must adhere to CFA standards.
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 Schott Group.

PERFORMANCE SUPERVISION

Investment performance will be reviewed at least quarterly by the Committee 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 Committee 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 Committee and the Investment Consultant on a timely basis. This Investment Policy Statement will be reviewed on a periodic basis.

Approved By Vote of the Investment Committee:

Ellen Martz 4/30/25

Chairperson of the Investment Committee Date

Kristin Smith 4/30/25

Executive Director Date