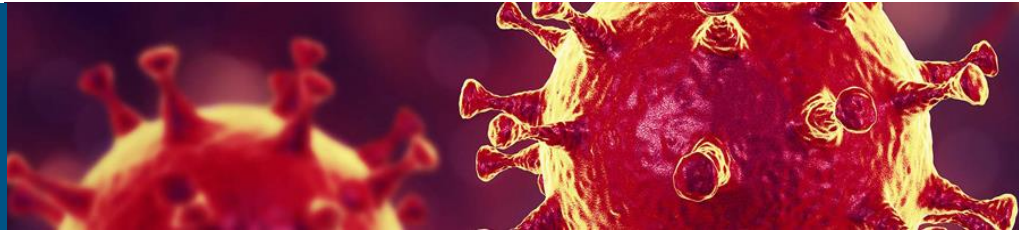


Coronavirus (COVID-19)

The Impact on the Markets and CBIS' Perspective

February, 2020

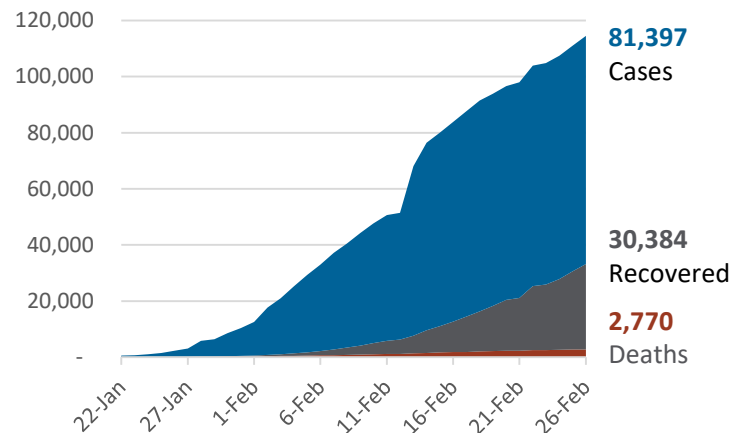


What is Coronavirus COVID-19?

- A respiratory disease and class of coronavirus such as SARS, MERS, and the common cold
- First detected in the Wuhan City, Hubei Province, China in late 2019
- Has been detected in at least 48 countries, including in the US, with global death toll near 3,000 and a 2-3% fatality rate
- The US Centers for Disease Control has developed a Geographic Risk Assessment for travelers on their [website](#)
- By comparison, during the 2019-2020 influenza season in the US, there have been at least 32M cases, 310K hospitalizations, and 18K deaths¹

¹Source: US Centers of Disease Control and Prevention (US CDC). As of February 22, 2020.

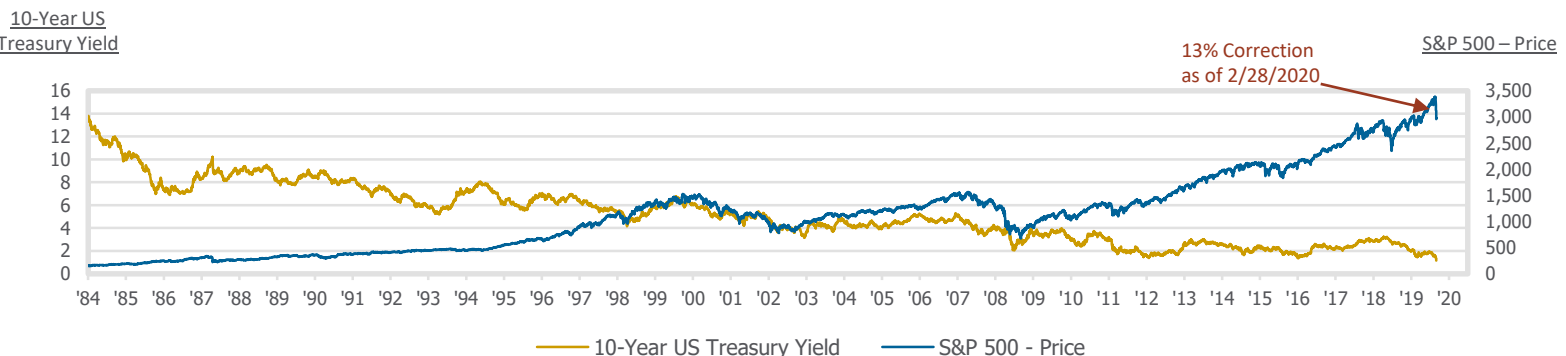
Timeline of COVID-19



Source: CEIC, Johns Hopkins CSSE. As of February 26, 2020.

How is COVID-19 impacting the markets and global economy?

- Global stock markets have sold off and volatility has spiked; the US stock market (as measured by the S&P 500 and DJIA) has fallen more than 13% since its high on February 19
- Investors have moved into safe-haven assets such as Treasuries and gold, pushing the 10-Year Treasury yield to a record low of 1.3% and flattening the yield curve
- The market is now predicting over a 70% probability there will be at least three Fed rate cuts in 2020
- The International Monetary Fund has revised its global growth estimate downward by 0.1% to 3.3% for 2020 (primarily due to the slowdown in China's GDP growth rate)
- The US is not as reliant on trade compared to other countries and has been somewhat insulated economically; we believe countries with ties to China will experience a greater economic impact

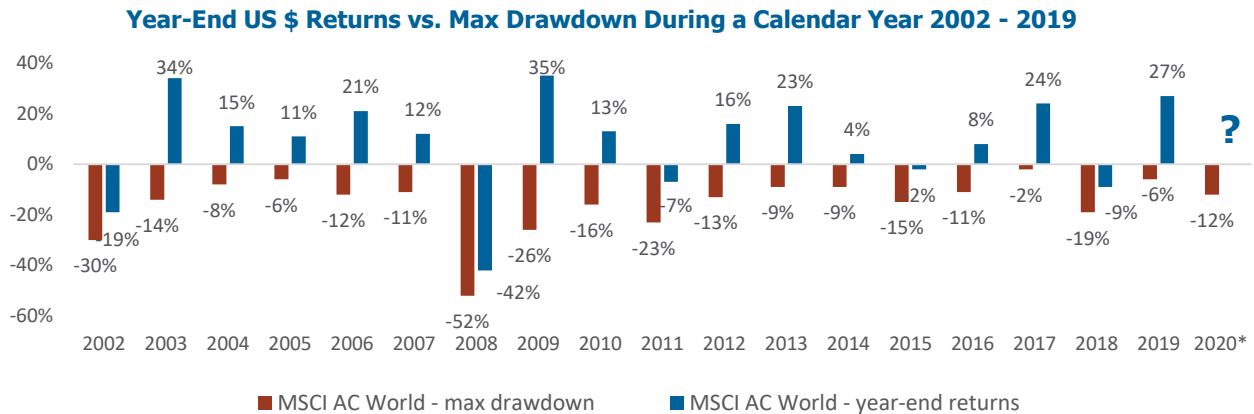


Source: FactSet. As of February 28, 2020

The Impact on the Markets and CBIS' Perspective

What is CBIS' view and how are we and our managers responding to the outbreak?

- While there are still many unknowns, we believe the COVID-19 outbreak will have an important, but temporary, impact on global growth and the markets
- The duration and eventual recovery will depend on government and potentially central bank responses and the speed to which treatments are deployed
- Behavioral finance tells us that investors tend to overestimate the probability and severity of rare events; it's not necessarily the actual impact, but how investors perceive the impact
- Despite occasionally large intra-year drawdowns, markets have a way of bouncing back



Source: Bloomberg, FactSet, Principal Global Investors (CBIS Sub-Adviser). *As of February 28, 2020

CBIS Concluding Thoughts

- The Catholic Church has always been a source of strength and support during times of strife
- We stand in solidarity with those who are affected by this crisis. We offer our prayers for healing and support the organizations who are diligently working to provide assistance during the crisis
- From a financial perspective, we are monitoring the situation closely and are in frequent contact with our managers on how the outbreak is impacting their portfolios, as well as their business operations, and how they are responding
- CBIS Rome office continues to serve our investors while recognizing the difficulties of travel
- In the meantime, we would like to remind investors that CBIS Funds are well diversified across asset classes and risk factors
- As always, we suggest that investors:
 - Take a long-term perspective and prepare for increased volatility in the short-term
 - Avoid the temptation to market time and address volatility by following a disciplined rebalancing policy; (see CBIS white paper "[The Temptation of Market Timing](#)")

We will continue to provide information as events progress. If you have any questions, please reach out to your CBIS representative.



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