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INDEXING

A New Benchmark for the CUIT Intl. Equity Fund

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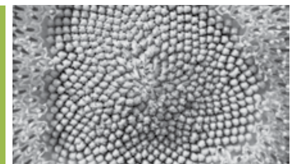
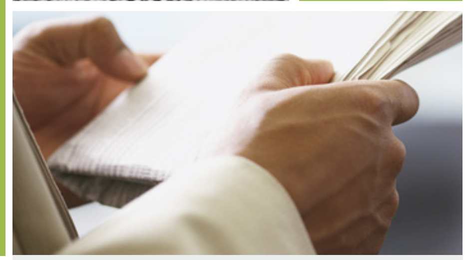
*On June 1, 2015, CBIS changed the CUIT International Equity Fund's benchmark from the all-developed market MSCI EAFE Index to the MSCI ACWI ex-U.S. Index. The new benchmark offers broader geographical exposure to a larger universe of companies, including an approximate 20% exposure to global emerging markets. In the following Q&A, sub-advisers **Causeway Capital Management** and **Principal Global Investors** offer their perspectives on the transition.*



Catholic Responsible Investing



Summary

- The CUIT International Equity Fund was launched in 1995 to provide diversified exposure to developed markets (DM) outside the U.S. The benchmark was the Morgan Stanley Capital International Europe, Australia and the Far East Index ("MSCI EAFE").
- Reflecting the growth and rising importance to global commerce of emerging market (EM) economies and companies, in October 2011 CBIS authorized the Fund's sub-advisers to hold up to 15% emerging markets exposure.
- Effective June 1, 2015, CBIS has changed the Fund's benchmark to the MSCI All Country World ex-U.S. Index (ACWI ex-U.S.), a global markets index with approximately 20% EM exposure.
- The benchmark change reflects the continued evolution of global markets as national domiciles decreasingly reflect the reality of globalized revenue streams.

CAUSEWAY CAPITAL MANAGEMENT

Will your investment strategy change as a result of the move from MSCI EAFE to the MSCI ACWI ex-U.S. benchmark?

Causeway: We'll use the same investment philosophy and process that we apply to your existing portfolio; this will not be a new Causeway portfolio. We'll continue to apply the fundamental, bottom-up value-oriented investment approach that we believe is best suited for developed equity markets, in combination with our quantitative approach to emerging markets that combines bottom-up and top-down factors to exploit multiple sources of alpha across the emerging markets landscape. However, the allocation to the emerging markets component of the portfolio will change. We use a benchmark-relative allocation model to determine the tactical weight of emerging markets in the portfolio. Currently, the EM benchmark weight is 10%. The transition to ACWI-ex-US will increase the benchmark weight, and consequently, our dynamic weight will be based on a higher EM weight. At present (May 2015), we have a modest underweight to EM versus the benchmark. The benchmark change will result in an increase in the absolute EM weight in the portfolio.

Are you expecting changes in portfolio structure — i.e. sectors/country exposures/characteristics, etc. — that relate to the new benchmark?

Causeway: Other than the increased exposure to emerging markets and the changes to the country, sector exposures and characteristics that result directly from this increase, the broad portfolio structure and characteristics will not change.

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MSCI ACWI ex-US vs MSCI EAFE

MARKET CAPITALIZATION	ACWI EX-U.S.	EAFE
Weighted Average	57,233.1	61,959.1
Median	7,278.1	9,201.0
Weighted Median	32,408.1	39,316.7
# of Securities	1,841	910
# of Countries	47	24
Dividend Yield	2.75%	2.83%
Price/Earnings	16.2x	17.1x
P/E using FY1 Est.	15.4x	16.5x
P/E using FY2 Est.	13.8x	14.9x
Price/Cash Flow	8.2x	9.0x
Price/Book	1.6x	1.7x
Price/Sales	1.1x	1.1x
Hist. 3Yr Sales Growth	6.4%	3.9%
Hist. 3Yr EPS Growth	8.9%	7.4%
Est. 3-5Yr EPS Growth	10.8%	10.2%
ROA	6.4%	6.3%
ROE	15.2%	14.9%
Operating Margin	17.1%	16.1%
Net Margin	12.5%	11.8%
LT Debt/Capital	30.8%	31.4%

Source: Factset / Data as of March 31, 2015

Will portfolio volatility/risk increase?

Causeway: On average, emerging markets equities have exhibited higher volatility than developed markets equities. However, they also provide diversification benefits. We do not expect dramatic shifts in portfolio volatility as a result of the incremental increased EM exposure.

How will increased EM exposure be implemented?

Causeway: Causeway's International Opportunities strategy (upon which our portion of the CUIT International Equity Fund is based) uses a quantitative asset allocation model to assist the portfolio managers in determining exposures to developed and emerging markets. The model is designed to tactically allocate (within specified ranges) between Causeway's international developed markets strategy and Causeway's emerging markets strategy. The allocation model includes multiple factors in four categories — valuation, earnings growth, financial strength and macroeconomic — that evaluate the relative attractiveness of emerging markets versus developed markets. A final score from this model is calculated and transformed into a recommended over/underweight to emerging markets versus the ACWI ex-US Index. The model is scalable and the range can be customized for our separate account clients. We have been applying this allocation approach to your current portfolio using a 10% benchmark emerging markets weight. A transition to an ACWI ex-US benchmark will increase the benchmark's exposure to emerging markets and the Causeway EM portfolio's over/underweight will be based on this higher benchmark weight. We would not add more EM companies as a result of this higher allocation to the EM asset class.

What are your general perspectives on the risks and opportunities in emerging markets?

Causeway: Our perspectives can be organized around a few key themes.

Multiple sources of alpha — Our quantitative EM strategy offers considerable flexibility to incorporate value, growth, bottom-up and top-down criteria into the investment process. Over the years, we've learned that buying undervalued EM stocks lacking near-term prospects for earnings growth leads to disappointing performance. Without the prospect of a rapid expansion in earnings, the risk of investing in potentially socially volatile countries with unpredictable legal systems can dominate market sentiment. Some investors mitigate such risks by restricting EM holdings to global exporting giants in well-scrutinized sectors such as energy and mining. In contrast, we're convinced the greatest return potential typically resides in lesser-known, less well-researched small- to mid-cap companies. We've designed our process to be nimble and attuned to changes in valuation and growth prospects, at both the individual stock and aggregate country and sector levels. We aim to identify the most compelling investments as liquidity, macroeconomic backdrops, and prospects for individual countries, currencies, sectors and stocks shift.

Beyond the defensive premium — In the years since the global financial crisis of 2008/2009, the premium investors are willing to pay for defensive emerging markets stocks has climbed. Our analysis shows that in the first quarter of 2015, the most defensive stocks in the EM Index — stocks with less sensitivity to economic, credit and market cycles —traded at a 62% premium to the most cyclically sensitive stocks on a forward price-to-earnings basis versus a historical premium of 6%, and at an astounding 160% premium on a price-to-book basis, versus a historical premium of 17%. Given these stretched valuations, we continue to identify opportunities in the information technology and industrials sectors that exhibit attractive combinations of positive earnings growth at reasonable valuations, and we have an underweight position in the more defensively oriented consumer staples sector.

Rising U.S. interest rates — A change in the U.S. monetary regime may be one of the greatest perceived risks facing emerging markets equities. In the "taper tantrum" period (late May through June 2013), after the Fed announced it would gradually unwind its asset purchasing program, the MSCI Emerging Markets Index declined over 9% while the S&P 500 Index fell over 3%. However, two years have passed since then, the global economic landscape has changed markedly and macroeconomic conditions vary considerably across the spectrum of EM nations. While we generally expect a pullback in EM equities as Fed tightening begins and we're modestly underweight EM in ACWI ex-U.S benchmarked portfolios, we see opportunities as well as risks. Countries with high current account deficits relative to foreign exchange reserves will likely suffer from Fed rate hikes. Countries with more supportive macroeconomic fundamentals, such as India and emerging Asia in general, should do relatively better. Not all emerging markets have national incomes tied to commodity exports. Energy and materials exporters, such as Russia, Mexico and Gulf Nations, will continue to face challenges. India and Indonesia have benefitted from the recent decline in crude oil prices. And falling oil prices have reduced inflationary pressures, so central banks should have more leeway to pursue expansionary monetary policy through lower interest rates. It's not all doom and gloom. Our quant strategy's top-down country, currency, and sector factors are especially important to our process in navigating this type of an environment.

Globalization seems to have blurred the lines between developed and emerging market companies in terms of the markets in which they do business and generate revenue. How do you think about what distinguishes emerging and developed markets?

Causeway: It's true that the economic exposure of companies is not confined to the borders of the country in which they are based. For example, in Causeway's international value developed markets portfolio as of March 31, 2015, approximately 16% of portfolio companies' overall revenue comes from emerging markets. But because the emerging market component of our strategy is tracking error-oriented in relation to the MSCI EM Index, we use MSCI's classifications to label countries as developed or emerging markets.

What range of EM exposure will you be expecting?

Causeway: Our International Opportunities portfolio can hold from zero to 2X the weight of emerging markets in ACWI-ex U.S. That said, historically, the range has remained within +/- 5% of the weight of emerging markets in ACWI ex-U.S. and that's the range CBIS has asked us to apply. As of April 30, 2015, our International Opportunities portfolio has about 20% of its assets invested in EM-listed stocks, versus an Index EM weight of about 22%.

Will CBIS' CRI screens be a more significant factor given the new benchmark or less significant?

At present, restricted stocks constitute a greater proportion of the developed markets portion of the unconstrained Causeway International Opportunities portfolio than they do the emerging markets portion. A larger allocation to emerging markets may marginally reduce the impact of screened stocks, in terms of portfolio weights.

PRINCIPAL GLOBAL INVESTORS

CBIS: What do you see as the key consequences resulting from the benchmark change?

Principal: The Fund will have slightly higher return prospects and possibly slightly higher volatility. From the perspective of country exposure, in addition to the emerging markets exposure the ACWI ex-U.S. benchmark has roughly a 9% allocation to Canada on the developed market side. Canada has a zero weight in the MSCI EAFE.

Are you expecting changes in portfolio structure — i.e. sectors/country exposures/characteristics, etc. — that relate to the new benchmark?

Principal: Other than the increased exposure to emerging markets, we don't expect there will be any material changes to the structure of the portfolio.

Will portfolio volatility/risk increase?

Principal: Not in a material way. On the margin, there might be a slight increase from the EM boost, but it will not significantly change the overall portfolio's risk profile. In fact, since the MSCI ACWI ex U.S. Growth Index is much broader and more diversified, it has a lower ex-ante volatility of 13.8% versus 14.1% for MSCI EAFE Growth.

How will increased EM exposure be implemented?

Principal: We will boost the weight of some current EM holdings in the portfolio and add some new ones. We'd expect that about ten new EM positions will be added through the application of our process to a larger-sized portfolio.

What are your thoughts on the risks/opportunities in emerging markets?

Principal: The best opportunities in emerging markets reflect "self-help" situations, both at the country and company-specific levels. For countries, this means structural reforms; at the firm level it requires prioritizing return on capital, rather than growth at any cost. Caution and selectivity is still warranted for countries with high current account deficits and external funding needs; the U.S. dollar's continued strength leads to capital outflows while commodity prices move downward, further pressuring countries such as Brazil, Russia, Turkey and Indonesia. While a healthy valuation discount has been restored relative to developed markets, overall earnings trends have further room for improvement.

Interest rate cuts among these countries remain an overwhelming theme with China leading the pack. At the end of March, the People's Bank of China announced that the required down payment for second homes was lowered to 40% from 60% and the finance ministry announced that select homeowners who have held a property for two years or more will be exempt from a sales tax. More announcements may come in the near-term as the region deals with higher corporate debt levels and slowing growth.

While natural resource producers and related capital equipment manufacturers face significant downward earnings pressures, a majority of other sectors continue to offer upside-surprise potential (although the strengthening dollar has now thrown an additional wrinkle into earnings volatility). Of course, markets will continue to face some risk of correction due to profit-taking and rebalancing pressures by pension and institutional investors. Also, market volatility seems quite likely to rise from the very subdued levels of the past few years, with interest rate volatility likely to trend higher as the Fed begins to raise rates. Key risks include geopolitical uncertainty and potential policy missteps, whether monetary, fiscal and/or regulatory in nature. These risks are heightened by the potentially deflationary conditions in Europe, the somewhat unprecedented aspects of "Abenomics" in Japan, and China's recent market reforms, which seem to be erring on the side of "more stimulus is better". While growth in China continues to remain subdued, we see very little risk of significant global contagion considering the centrally controlled nature of the Chinese economy and its financial markets.

Globalization seems to have blurred the lines between developed and emerging market companies in terms the markets in which they do business and generate revenue. How do you think about what distinguishes emerging and developed markets?

Principal: The line between EM and DM companies has indeed blurred significantly. There are companies based in emerging market nations who do most of their business in developed markets. Conversely, developed market companies have significantly increased their business exposure in emerging markets in search of growth, especially companies based in continental Europe; the average company there does more than half its business in emerging markets.

In terms of what makes an EM country, the defining characteristic really remains the potential for political instability. Within DMs, the threat of radical political change is fairly limited and thus presents a fairly small threat to companies and their ability to generate earnings (outside of regulatory changes). With EMs, however, the potential of a radical shift in the political landscape presents a significant risk to companies' earnings prospects and shareholder interests (e.g. in the case of nationalization). For the past 15 years, economic prosperity and relative political stability has been the norm, although the overthrow of the government in Thailand and elsewhere is a reminder that this risk is not zero.

What range of EM exposure are you expecting given the new benchmark?

Principal: We expect EM exposure to range within a band of plus or minus three percent of its weight in the MSCI ACWI ex-U.S. Growth Index, or approximately 18% to 24% versus the previous EM target weight, which ranged around 10%.

It is important to note that as part of CBIS' oversight of our managers, we have directed Principal to manage their portion of the Fund against the MSCI ACWI ex-U.S. Growth Index, to compliment Causeway's value-oriented approach.

Will CBIS' CRI screens be a more significant factor given the new benchmark or less significant?

Principal: Screens will be less invasive in terms of benchmark weight. The CRI restricted list in developed markets in the MSCI ex-U.S. Growth Index is about 20% of the Index weight. In EM, the restricted list weight is only about 3%. Since the weight of EM in ACWI is about 20% and the portfolio will increase EM exposure by about 10%, restricted companies as a percentage of benchmark weight will be reduced.