

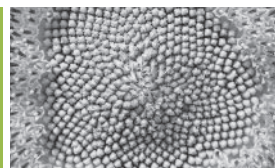
► HOW TO APPLY CRI

# Indexing Solutions

JUNE 2015

## Summary

*CBIS' Index Funds may be a solution for finance committees looking to take their first step in applying a Catholic Responsible Investing<sup>SM</sup> approach to their investments.*



Catholic  
Responsible  
Investing



Catholic institutions around the world are faced with the challenge of meeting their financial needs while also serving the Church. CBIS was created over 30 years ago to help these organizations by allowing them to unify their faith with their investment portfolios through an approach called Catholic Responsible Investing<sup>SM</sup> (CRI). We have found that some institutions believe in the value of our methods but are unsure where to begin.

## CREATING A SOLUTION

One way an organization could consider easing into a CRI approach with confidence is through the use of screened index portfolios. CBIS' Index Funds provide the potential to match market returns, while also screening investments based on Catholic teaching. We offer U.S. large-cap and small cap index funds, and an emerging markets fund.

"CBIS Index Funds seek to replicate the return of their underlying benchmarks and incorporate our Catholic Investment Screens in the investment process."

John Geissinger,  
Chief Investment Officer

An indexed allocation offers two advantages to finance committees that have fiduciary concerns.

- ▶ Because indexes seek to replicate the return of a benchmark index, rather than add alpha, it diminishes the manager selection risk associated with a commitment to a new investment program.
- ▶ It provides a clear, transparent example of how CBIS integrates the CRI program into the investment process — one that we believe will instill confidence in anyone concerned with the impact of CRI screens on long-term performance.

#### CBIS INDEX FUNDS

CBIS offers three indexed portfolios to Catholic institutions in the U.S.:

**CUIT Core Equity Index Fund (S&P 500)**

**CUIT Small Cap Equity Index (Russell 2000)**

**CUIT Emerging Markets Index (MSCI Emerging Markets)**

Each incorporates CBIS' full CRI program, consisting of both stock screens and active ownership (i.e. using our influence as shareholders to advocate for Catholic beliefs).

Active ownership has no direct impact on the investment process or performance; only stock screens do. And because the CRI program emphasizes active ownership, screens are limited to activities that so violate participants' core religious beliefs — such as aggressive militarism, violations of life ethics, and the production of tobacco and pornography — that they refuse to profit from them.

#### PORTFOLIO CONSTRUCTION

All three Funds are managed by RhumbLine Advisers, a Boston-based institutional investment firm specializing in indexed portfolios and sole manager of the CUIT Core Equity and CUIT Small Cap Equity Index Funds since their inception. RhumbLine uses the same investment process in each CBIS portfolio as it does in its comparable unscreened index programs. The only difference is the absence of screened companies. Rhumbline seeks to invest capital that would have been allocated to screened companies across unrestricted companies in a way that best replicates the benchmarks' overall characteristics. Their process is intended to minimize sector and factor risks as much as possible while also minimizing transaction costs.

#### INVESTMENT SCREENING OVERLAY



### IMPACT OF SCREENS ON PERFORMANCE

CBIS regularly reports on the impact that our stock screens have on the performance of all equity funds. We define this as the difference between our Fund's gross-of-fee return and that of our sub-advisers' equivalent unscreened portfolios, eliminating the performance impact created by the investment processes independent of our screens and the impact of fees. *CBIS believes that we have been able to consistently demonstrate that our investment process makes it possible to invest in accordance with Catholic beliefs while matching the returns of a benchmark index.*

### UNIFY FAITH AND FINANCE

CBIS' Index Funds offer Catholic organizations a convenient, initial step for incorporating a CRI approach into their investment portfolios. Our index fund solutions seek to replicate standard equity indices that can easily and efficiently be adapted into almost any asset allocation mix. Working with CBIS' Index Funds gives investment committees the opportunity to "test-drive" CRI and learn first-hand the importance of unifying faith and finance.

Please contact us to learn more about CRI and how to [implement a CRI Program](#).

### Important Information

*The CUIT Funds are exempt from registration with the Securities and Exchange Commission and therefore are exempt from regulatory requirements applicable to registered mutual funds. All performance (including that of the comparative indices) is reported net of any fees and expenses, but inclusive of dividends and interest. Past performance is not indicative of future performance. The return and principal value of the Fund(s) will fluctuate and, upon redemption, shares in the Fund(s) may be worth less than their original cost. Complete information regarding each of the Funds, including certain restrictions regarding redemptions, is contained in disclosure documents which can be obtained by calling 800-592-8890. Shares in the CUIT Funds are offered exclusively through CBIS Financial Services, Inc., a broker-dealer subsidiary of CBIS. This is for informational purposes only and does not constitute an offer to sell any investment. The Funds are not available for sale in all jurisdictions. Where available for sale, an offer will only be made through the prospectus for the Funds, and the Funds may only be sold in compliance with all applicable country and local laws and regulations.*