# 2015 Annual Report

Catholic Responsible Investing

*Another Eventful Year as CBIS Continued to Deliver Positive Change*

A MESSAGE TO OUR PARTICIPANTS

# Building on Our Strengths

We are pleased to report to you on another positive year for CBIS and our participant investors. At CBIS, we continue to work every day to meet the changing demands of the Catholic institutional market and the needs of our participants. In 2015, we made some changes that touched our participant base broadly, we embraced the messages delivered by the Holy Father — and we remain grateful for the opportunity to serve you.

### GLOBAL MARKET OVERVIEW

Global economic growth remained frustratingly lethargic after six years of unprecedented monetary stimulus by many of the world's central banks. Concern over slowing growth in China began to dominate markets in the second half of 2015 and became the catalyst for additional equity market downside as 2016 began. Persistent multi-year weakness in global commodity prices has been only one symptom of both this larger global growth malaise and the more recent slowdown in China's growth, given its previously voracious commodity demand. Crude oil prices in fact broke down again late in 2015, ending the year in the mid-$30s per barrel and lower than lows reached in August. The broader Bloomberg Commodity Index fell about 25% for the year.

### GROWTH OF CBIS GLOBAL FUNDS

In 2015, our CBIS Global Funds experienced strong growth, with assets going from $282 million at the end of 2014 to $403 million a year later. The inflows were attributable to the fruition of our ongoing efforts in Europe and the growing brand awareness of CBIS among Catholic institutions there.

### NEW HEAD OF CATHOLIC RESPONSIBLE INVESTING℠

In October, Julie Tanner was named Director of Catholic Responsible Investing℠. Julie has been with CBIS for 13 years and most recently was focused on successfully expanding our active ownership program worldwide, leveraging CBIS' global footprint as an asset manager. Julie now oversees the Catholic Responsible Investing team, covering both the investment screening process and our active ownership efforts worldwide, as well as the research that underlies both.

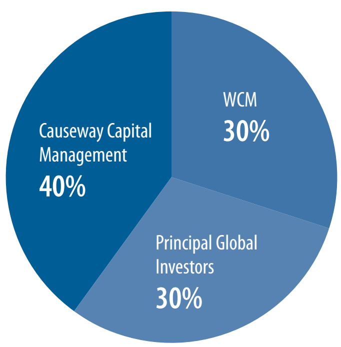
### LEADING A $1 TRILLION COALITION AGAINST HUMAN TRAFFICKING

CBIS helped to galvanize more than 100 investors representing over $1 trillion in assets to support The Business Supply Chain Transparency on Trafficking and Slavery Act of 2015 (H.R. 3226/S.1968). The Act was aimed at strengthening corporate commitment to end human trafficking and modern-day slavery by requiring corporations to disclose the policies and management systems they have in place to better identify and eradicate these violations within their global supply chains. CBIS played a critical role, helping to craft the statement the group sent to Congress, organize investor signatories and speak with legislators. We have supported supply chain transparency legislation since 2010, when we rallied shareholders around the country behind The California Transparency in Supply Chains Law.

### CUIT INTERNATIONAL EQUITY FUND SUB-ADVISER TEAM GROWS

CBIS added a third institutional manager to our roster of sub-advisers for the CUIT International Equity Fund, retaining WCM Investment Management (WCM) in September. WCM is based in Laguna Beach, CA, and is known for its expertise in international growth investing. We believe that the trio of expert managers we now have on the Fund will improve absolute performance over a market cycle while reducing risk. WCM's investment philosophy focuses on seeking attractive returns by structuring portfolios "distinct from market indices," meaning they do not try to mimic a benchmark. This makes them a fit for what we seek to accomplish with our manager-of-managers program — blending together different investing styles to achieve the characteristics we want for our investors.

**Sub-Adviser Asset Weighting for the CUIT International Equity Fund**




### EXPANDING THE INVESTMENT MANAGEMENT TEAM

We expanded our New York-based investment management team in 2015 with the aim of enhancing manager research and due diligence. As a manager of managers, CBIS seeks out high-quality institutional investment firms with disciplined, repeatable investment processes. We then look to assign these managers to appropriate products or blend them together to produce distinctive product strategies — all while incorporating our Catholic Responsible Investing approach. This is intensive work that requires constant review and monitoring for each portfolio and manager. As such, CBIS hired two investment industry veterans to work with our CIO, John Geissinger.

James Mullaney joined CBIS in July as Director of Equity research. Previously, he was at Verizon for 29 years, including 10 years as Director, Head of Equities. Dean Armstrong joined CBIS in August as Director of Fixed Income research. He previously served as Managing Director at Clearbrook Investment Consulting for 27 years, advising their institutional client base. We are happy to have two professionals of James and Dean's caliber at CBIS. Since joining our firm, they have focused their efforts on performing due diligence of existing managers in addition to the review, analysis and selection of new managers for CBIS.

### EMBRACING *LAUDATO SI'*

The principles in the Laudato Si' are consistent with centuries of Catholic social teaching. CBIS and other Catholic investors have been working with companies around these principles for more than 35 years, and we have made significant progress over that time in the areas of human rights, economic justice and environmental stewardship. Our Catholic Responsible Investing approach is comprised of two essential components: Catholic investment screening and active ownership efforts. We directly engage companies around the world to address their impact on humanity. We were extremely pleased that CBIS' ongoing efforts were in line with the encyclical, and it gave us renewed enthusiasm to continue to influence corporate policies for the common good.

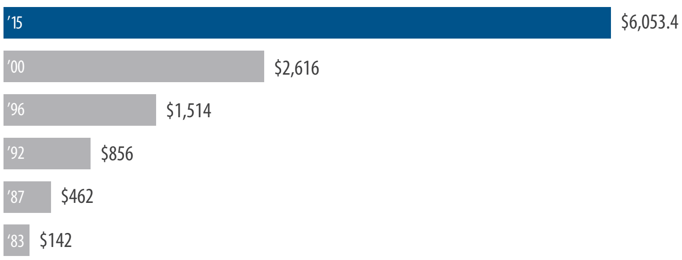
### LEADING SUCCESSFUL AND HISTORIC CLIMATE CHANGE EFFORTS

We achieved near-unanimous results for two resolutions that addressed the environment in 2015. CBIS co-filed resolutions with BP and Shell asking for the companies' commitment to disclosing information about greenhouse gas emissions, research and development on low-carbon alternatives, executive incentives, and public policy positions on climate change. In an extraordinary response, not only did both firms back the resolutions, but nearly all shareholders voted for the measures — 98.8% at Shell and 98.2% at BP. This success demonstrates what can be achieved through active ownership, which includes direct engagement with corporate management and their boards, as well as shareholder resolutions and proxy voting. The results also highlight the value of global investor coalitions to encourage companies to improve their policies and practices, which can help workers, local communities and the environment while reducing investment risk over the long term. The votes helped raise the bar for all companies, encouraging them to pay close attention to the risks and opportunities related to environmental stewardship.

### REACHING $6.1 BILLION IN ASSETS UNDER MANAGEMENT

We moved past $6 billion in assets in 2015, despite market weakness and volatility. Our asset base includes more than 600 participant and consultant relationships that are leveraging our solid long-term performance and multi-strategy approach based on Catholic beliefs.

**CBIS Assets Under Management** (in millions)




### ONGOING STEWARDSHIP

CBIS continues to provide Catholic organizations with the means to be faithful stewards of the assets entrusted to them, by aligning their investments with the teachings of the Catholic Church. As always, we thank you for your continued trust in CBIS, and look forward to continuing our management of your investment funds. Please contact us with any questions.

Truly yours,

Michael W. O'Hern, FSC
*President & Chief Executive Officer*

Kathleen M. Almaney
*Board Chair*

A REVIEW OF THE YEAR

# Catholic Responsible Investing

*Catholic Responsible Investing℠ (CRI) extends a faith-based mission to encompass the management of an investment portfolio — allowing the two to work in harmony. We believe CRI is a powerful management process that allows an organization to express its Catholic beliefs through its investments. By targeting both financial return and social return, fiduciaries can establish a broad vision for an organization's mission and can demonstrate that all aspects of the organization can be integrated into it.*

Active ownership (shareholder advocacy) is a critical element of CBIS' CRI approach. It is aimed at influencing the strategies, policies and practices of corporations in our portfolios. As responsible shareholders, we believe that we are called upon to be active owners and raise corporate awareness on issues of importance to Catholic investors. CBIS views active ownership as a responsibility that is fundamental to our stewardship of client assets. We leverage a variety of tools to address issues related to human dignity, economic justice and environmental stewardship:

- Corporate Dialogues — CBIS meets with portfolio companies to encourage them to improve policies and practices that affect employees, customers and communities.
- Shareholder Resolutions — CBIS files resolutions that are voted on by shareholders to demonstrate widespread support to address our participants' concerns.
- Proxy Voting — We vote more than 3,000 proxy ballots each year throughout the world to communicate to companies our participants' positions on important issues.

SUMMARY OF 2015 SUCCESS STORIES

***Environmental Stewardship***

After the resolutions that CBIS co-filed at BP and Royal Dutch Shell received near-unanimous support, the companies committed to disclosing information about greenhouse gas emissions, research and development on low-carbon alternatives, executive incentives, and public policy positions on climate change. The BP and Shell boards recommended that all shareholders vote in favor of the resolutions — the first time that has ever happened in the U.K.

CBIS visited Newmont Mining's gold mine in Ghana and Anglo American's diamond mine in South Africa to meet with members of the community, workers at the mines, and staff at corporate headquarters. Through our participation, we were able to gain a better understanding of the positive and negative impacts of mining in the community and to raise corporate awareness of issues of importance to Catholic investors, including the protection of human rights and the environment. The trip was part of a Vatican initiative designed to encourage mining companies to ensure that local communities and indigenous peoples are included as key stakeholders in resource development.

The resolution that CBIS co-filed requesting that ExxonMobil adopt goals to reduce greenhouse gas emissions from the company's products and operations received 9.6% support. We believe it is important to continue to encourage ExxonMobil to take action; leadership in developing climate change solutions by the world's largest publicly traded oil and gas company can transform the industry.

After engagement with Kraft Foods yielded little information, CBIS co-filed a shareholder resolution asking the company to publish a sustainability report documenting goals, strategies and performance on environmental issues. Given its extensive supply chain, we believe the company has an important opportunity to be a global leader in sustainability. Environmental degradation impacts all of us, but particularly the poor and vulnerable, and it affects Kraft's long-term ability to source agricultural ingredients for its products. The resolution received 30% support at the company's annual shareholder meeting — a strong result.

Anadarko added more information to the corporate social responsibility section of its website, which now includes more in-depth discussions of a broader set of sustainability issues and improved performance reporting.

***Economic Justice***

Walmart announced comprehensive changes to hiring, training, compensation and scheduling programs, resulting in nearly 500,000 associates receiving a raise in 2015.

***Human Dignity***

Target met with the Thai government, strategized with other companies in the food marketing trade association, and strengthened its work with human rights organizations to address human trafficking in the seafood supply chain in Thailand. As the fourth-largest retailer in the U.S., Target can exert great influence on the industry.

CBIS helped to lead investors with $1 trillion in assets in support of The Business Supply Chain Transparency on Trafficking and Slavery Act to show Congress the level of shareholder interest in corporate action to address human rights violations. The bill would require large companies to publicly disclose any measures to prevent human trafficking in their supply chains as part of their annual reports to the Securities and Exchange Commission (SEC).

### 2015 PROXY VOTING

Each year, CBIS votes the management and shareholder proposals on ballots at all companies in our portfolio on behalf of Fund participants and other clients. CBIS views voting on management and shareholder proposals as a fundamental responsibility and exercises these rights on behalf of participants. In 2015, CBIS voted proxy ballots at 3,187 companies and voted more than 815 shareholder proposals. Voting proxies is the primary means by which shareholders can influence the strategic direction of a corporation.

***Concluding Engagements***

- ***Investment Screens Applied***
  *AbbVie (Economic Justice – Access to Health and Nutrition)*
  In light of AbbVie's embryonic stem cell research, CBIS has discontinued the engagement. Last year, AbbVie announced it would expand access for children to generic formulations of the company's leading HIV drug — a longtime request by CBIS. We are proud that our seven-year dialogue helped to produce this result, which will help children living with HIV.
- ***Goals Met***
  *Citigroup (Economic Justice – Responsible Lending*
  Our engagement with Citigroup has spanned 15 years and covered a range of issues, including the development of systems to stop predatory lending, and of guidelines to ensure that the bank's loans and investments do not fund projects that harm the environment.
- ***Change in Investor Focus***
  *Express (Economic Justice – Worker Rights)*
  Other investors have opted to discontinue the engagement at the present time and intend to re-engage at a later point.
- ***Change in Corporate Operations***
  *Schlumberger (Human Dignity – Human Rights in Conflict Areas)*
  In March 2015, a subsidiary of Schlumberger agreed to pay the federal government $232.7 million for violating U.S. sanctions in Iran and Sudan. As part of the plea agreement, the company has ceased oilfield operations in Sudan.

- ***Corporate Announcement***
  *Walmart (Human Dignity – Violence)*

  CBIS had intended to engage Walmart on the issue of gun violence when — in August 2015 — the company announced that it would stop the sale of assault rifles, semi-automatic shotguns and other firearms commonly used in mass shootings, a significant advance. CBIS' long-term participation in a dialogue with Walmart on the advancement of women and people of color will continue.

### OUTLOOK FOR 2016 EFFORTS

In 2016, CBIS is planning to conduct approximately 30 engagements, including dialogues with five new companies (Apple, China National Offshore Oil Corporation, Gilead Sciences, Thai Union and United Continental Holdings), and file a shareholder resolution at ExxonMobil.

## 2016 SHAREHOLDER RESOLUTIONS

| COMPANY | ISSUE | OVERVIEW | GOAL |
|---|---|---|---|
| ExxonMobil | Environmental Stewardship: **Climate Change** | Given its size and dominance, ExxonMobil can play an important role in addressing climate change and providing leadership for the transition to a low-carbon economy. The resolution we have co-filed asks the company to support the goal of limiting global average temperature increases to 2°C above pre-industrial levels. | Support the goal of limiting global average temperature increases to 2°C above pre-industrial levels. |

## 2016 CORPORATE DIALOGUES

(N) denotes new dialogue

| COMPANY | ISSUE | OVERVIEW | GOAL |
|---|---|---|---|
| Allstate | Environmental Stewardship: **Climate Change** | Insurance companies are particularly susceptible to risks stemming from climate change, and they have the ability to affect responsible customer behavior through the products and incentives they provide. Allstate has begun to develop a comprehensive climate change strategy to reduce business risk and direct public policy advocacy that can benefit the company, shareholders and customers. | Adopt and implement a policy that reduces business risk stemming from climate change. |
| Anadarko Petroleum | Environmental Stewardship: **Hydraulic Fracturing** | Impacts on local communities and the environment from hydraulic fracturing must be managed responsibly to minimize adverse consequences. We will be monitoring Anadarko's implementation of its human rights policy, which promotes the well-being of local communities and expands disclosure of environmental impacts. | Implement a human rights policy, engage stakeholders and expand disclosure of practices to protect the environment. |
| Anglo American | Environmental Stewardship: **Environmental Justice** | A pattern of unrest exists across some mine sites due to labor and environmental issues. The company has the complex challenge of meeting demand while reducing impacts on the environment and maintaining social license to operate. Improvements have been registered but progress has been inconsistent at the fifth-largest mining company in the world. | Strengthen labor and environmental standards to improve community and worker relationships. |
| Apple Inc. (N) | Human Dignity: **Pornography** | The Internet has transformed the availability of pornographic images and the accessibility of child victims, creating a dire need for increased security and monitoring. Apple has a responsibility to ensure that users of its web browser Safari and digital storage are properly protected, illicit images are rapidly discovered, and child pornography perpetrators are found and brought to justice. | Create a code of ethics against child pornography, expand parental controls and streamline the process for removing exploitative content and providing it to the authorities. |
| Archer Daniels Midland | Environmental Stewardship: **Water Sustainability** | Supply chains for agricultural products contain risks involving water management, pesticide use, deforestation and greenhouse gas emissions that can affect the sustainable supply of ingredients and impact company performance. ADM is working to improve its policies, performance and related disclosure concerning responsible growing practices among its agricultural suppliers in order to improve supplier sustainability and reduce business risk. | Conduct water risk assessments in areas of scarcity, and assess impacts of—and take steps to mitigate—deforestation. |
| AT&T | Human Dignity: **Child Pornography** | Access to pornography via mobile devices has become more widespread. Of particular concern is the ability of minors to view pornography, particularly as more children use smartphones at younger ages. Service providers including AT&T do not make effective content-blocking options available on all devices, which would enable parents to limit what they or their children can view. | Provide content-blocking controls on all mobile devices that provide the option of limiting what content can be accessed and viewed. |
| BP | Environmental Stewardship: **Climate Change** | Climate change can create material risks for investors. BP is among companies with the highest carbon footprints in the FTSE100 and can play a key role in a global energy transition. BP's board supported the resolution that CBIS co-filed asking for disclosure by the company on the potential risks from climate change, due in 2016. | Issue report on high cost, high carbon projects and plans to address climate change. |
| Campbell Soup | Human Life and Dignity: **Human Trafficking** | Human trafficking is rife in the production of palm oil in Indonesia and Malaysia. More than 3 million workers who toil to meet growing global demand obtain their jobs through labor brokers, some of whom have exploitative labor practices. Campbell's has taken steps to make its palm oil sustainable. We will continue to press Campbell's to create new policies to protect workers and eliminate human trafficking. | Create and implement palm oil sourcing policies to prevent human trafficking. |
| CNOOC (N) | Environmental Stewardship: **Climate Change** | China is the second-largest economy in the world and emits more greenhouse gases than any other country. The country and its largest oil and gas company, China National Offshore Oil Corporation (CNOOC), can play a critical role in the transition to low-carbon economy. | Create targets to measure emissions reductions and to report progress. |
| Coca-Cola | Environmental Stewardship: **Water Sustainability** | Coca-Cola is heavily dependent upon water, both directly as a key ingredient in its products and indirectly through ingredients such as oranges and sugar cane that require water. Coca-Cola has implemented a water policy that focuses on reducing water use, recycling water used in production and replenishing water in local communities. We meet regularly with the company to monitor implementation of the policy, urge the company toward additional best practices and encourage collaborations with NGOs. | Expand and improve the effectiveness of Coca-Cola's water sustainability initiatives. |
| Ford Motor | Environmental Stewardship: **Climate Change** | Specific climate change-related issues that affect Ford include vehicle fuel efficiency, greenhouse gas emissions and water use. Ford has made significant progress in improving fleet fuel efficiency and reducing emissions from its production facilities, and it is in the process of developing a water strategy and assessing global water use. In addition, Ford is encouraging its suppliers to address these issues and is collaborating with a subset of suppliers on greenhouse gas emissions reduction projects. | Encourage Ford to promote its fuel efficient vehicles to gain greater market acceptance, and to take strong steps to address climate change. |
| Gilead (N) | Economic Justice: **Access to Health** | Gilead is a global biopharmaceutical company that discovers, develops and commercializes medicines in areas of unmet medical need. The company's mission is to advance the care of patients suffering from life-threatening diseases worldwide. | Evaluate reduced pricing options to expand coverage for patients of both HIV and Hepatitis C. |

*(continued)*

| COMPANY | ISSUE | OVERVIEW | GOAL |
|---|---|---|---|
| JPMorgan Chase | Environmental Justice: **Responsible Lending** | We will closely monitor the bank's implementation of its most recent policy update, which includes a prohibition on financing projects that demonstrate involvement in human trafficking. | Strengthen environmental and human rights lending standards for emerging markets. |
| Macy's | Economic Justice: **Worker Rights** | This year, we seek additional information to demonstrate how the factories that produce the retailer's clothing are complying with The Cotton Pledge against child labor in Uzbekistan. We will also encourage greater disclosure on labor standards. Comprehensive reporting can help companies demonstrate that they have in place effective programs and internal controls for managing environmental and social risks. | Strengthen and audit implementation of labor rights standards for contract suppliers. |
| Mondelez | Environmental Stewardship: **Water Sustainability** | Seventy percent of Mondelez's water use is in agriculture. Ensuring that water is used sustainably helps improve the water accessibility in local communities and reduces supply chain risk to the company caused by variable harvests and supply chain disruptions. Mondelez has shared its current approach to managing water resources, including water use reduction goals, but details of its programs are not clear and disclosure of goals and performance can be improved. | Implement goals to reduce water and identify areas of greatest water risk. |
| Nestlé | Economic Justice: **Access to Health** | Nearly 1 billion people suffer from hunger every day. Companies in the food industry are uniquely positioned to help. Nestlé already has taken several positive steps, including developing fortified products with added nutrients. We intend to learn more about Nestlé's long-term strategic approach using its size, distribution system and influence. | Expand product fortification to alleviate malnutrition and work with governments to make food supplies naturally good sources of nutrients. |
| Newmont Mining | Environmental Stewardship: **Environmental Justice** | Our dialogue will focus on changes the company is making in Peru and at sites worldwide to bolster community development projects and to create comprehensive water management programs. | Strengthen human rights and environmental policies for global operations. |
| Nucor | Human Life and Dignity: **Human Trafficking** | CBIS will continue to engage Nucor regarding forced labor in the production of steel in Brazil, a situation that was uncovered following a media investigation of steel manufacturers and companies that use it in production. While progress is being made, we seek more information on policies, audits and trainings conducted by Nucor and its suppliers to certify that no forced labor is used. | Implement and monitor policies against the use of forced labor by suppliers. |
| Shell | Environmental Stewardship: **Climate Change** | Since climate change can create material risks for investors, CBIS co-filed a shareholder resolution at Shell, among the companies with the highest carbon footprints in the FTSE100, seeking additional information. Shell's board has promised a report in 2016. | Issue report on high cost, high carbon projects and plans to address climate change. |
| Siemens | Human Life and Dignity: **Human Rights in Conflict Areas** | We intend to discuss reports the company must file to comply with SEC regulations on the presence of conflict minerals (tin, tungsten, tantalum or gold) in its products sourced from mines in the Democratic Republic of the Congo (DRC). Funded by the mineral production in eastern DRC, the ongoing conflict has been linked to extreme violence, labor abuses, environmental degradation and an emergency humanitarian situation. | Issue a report on steps being taken to ensure conflict minerals do not enter the supply chain. |
| Sprint | Human Dignity: **Pornography** | Access to pornography via mobile devices has become more widespread. Of particular concern is the ability of minors to view pornography, especially as more children use smartphones at younger ages. Service providers including Sprint do not make effective content-blocking options available on all devices, which would enable parents to limit what they or their children can view. | Provide content-blocking controls on all mobile devices that provide the option of limiting what content can be accessed and viewed. |
| Target | Human Life and Dignity: **Human Trafficking** | As the fourth-largest retailer in the U.S., Target can have great influence on the industry. It sells frozen seafood through private label brands. Over the past two years, human trafficking abuses in the shrimp supply chain in Thailand have been well documented. Since Target sells frozen seafood from Thailand, it has begun to take action, including joining meetings with the Thai government. We are calling on Target to join leading initiatives to create strong procedures to protect workers. | Address human trafficking in the seafood supply chain. |
| Thai Union (N) | Human Life and Dignity: **Human Trafficking** | Despite steps taken by Thai Union Group — the largest seafood company in the world — to address slave labor in the $7 billion seafood supply chain in Thailand, investigations continue to reveal instances of child and forced labor. We will be expecting Thai Union to increase audits of suppliers and discontinue the use of labor brokers and instead hire directly. Given the company's size, it has an unrivaled position to drive positive change. | We will ask Thai Union to take action and report on progress on working conditions, crew logs, increasing direct hires and reducing use of labor brokers and recruiters. |
| United (N) | Human Life and Dignity: **Human Trafficking** | Busy airports can be natural distribution hubs for human trafficking. Airport personnel are in a unique position to discern possible trafficking situations. The industry has the potential to play a vital role in identifying and assisting trafficking victims. While United has a human rights policy, implementation is unclear. There are compelling reasons to take action—Delta is training staff, American Airlines is educating travelers, and the U.S. has signed a convention calling on airlines to prevent trafficking. | Train flight attendants, develop programs with law enforcement to aid victims and identify traffickers, raise awareness of travelers, and report on progress annually. |
| Walmart | Economic Justice: **Advancement of Women and People of Color** | Walmart's performance on diversity issues has improved over the past 10 years, but opportunities exist for further advancement. CBIS will continue to engage with Walmart to discuss diversity among its workforce, addressing various categories including job type, location, gender and ethnicity. We will review accomplishments, challenges and new programs under development. | Strengthen programs to advance women and people of color in the workplace. |
| Wyndham Worldwide | Human Life and Dignity: **Human Trafficking** | At the end of 2014, Wyndham announced it will train all staff at its 7,600 hotels in 70 countries on human trafficking. We will continue to engage with Wyndham and monitor its implementation of this impressive commitment. | Implement policies addressing human trafficking. |

***Shareholder Resolution:*** *A proposal placed on the proxy ballot by a group of shareholders, and voted on by all shareholders at a company's annual meeting. Resolutions are non-binding, but high vote totals get management's attention and often spur them to action.*

***Corporate Dialogue:*** *An ongoing communication between a group of shareholders and company management. Lack of progress or engagement may result in the filing of a shareholder resolution.*

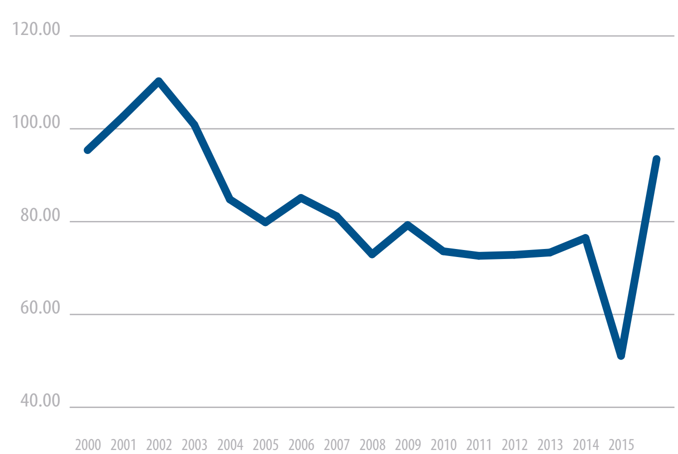
INVESTMENT REVIEW

# Yet Another Volatile Year

*The U.S. continued to produce one of the developed world's strongest economic performances in 2015, although growth in gross domestic product remained frustratingly tepid by long-term historical standards. In the U.S., real GDP growth climbed from a weak 0.6% in Q1 to 3.9% in Q2, but fell back to 2.0% in Q3. With Q4 estimates grinding down under 2.0% as the year closed, full-year GDP growth was unlikely to be much higher than 2% to 2.5%. Eurozone growth has been even more sluggish, with real GDP growth of only 1.5% for the region as a whole in 2015. Japan emerged from recession during 2015 (although only after an initial government estimate of a 0.8% GDP decline for Q3 was revised up to a 1% gain in early December), but growth languishes with year-to-year gains at just over 1%. Along with the U.S., the U.K. remains one of the stronger global economies.*

In the U.S., the relative strength of U.S. economic growth — along with relatively higher yields (which only seem high compared to near-zero yields in Europe and Japan) — has been a catalyst for another notable economic theme: the ongoing and broad strength of the U.S. dollar. On a trade-weighted basis against a broad basket of currencies, the U.S. dollar has climbed nearly 30% since mid-year 2011 and about 20% since mid-year 2014. A flip side of dollar strength is euro weakness; this has certainly benefitted European and other global exporters but has dampened U.S. corporate profits, as about 40% of revenues for the Standard & Poor's 500 companies are generated outside the U.S. The relatively sluggish profit growth by U.S. corporations played a key role in dampening equity returns. Revenue and earnings growth was generally flat in 2015, driven especially by weak energy sector earnings.

**Trade Weighted U.S. Dollar Index: Major Currencies** (In Dollars)




**Source:** Board of Governors of the Federal Reserve System (U.S.) via The Federal Reserve Bank of St. Louis as of December 11, 2015; myf.red/g/2WPA

As 2015 came to a close, economists and analysts remained reasonably upbeat about 2016, with consensus forecasts calling for 2.5% real U.S. GDP growth for this year and next. Corporate earnings outlooks were even more upbeat, with FactSet's collection of analyst estimates calling for earnings growth of 7% in 2016 and more than 10% in 2017, as the sharp negative hit from last year's very weak energy comparisons recedes and economic growth improves. The main threats to U.S. earnings outlooks continue to be the ongoing strengthening of the U.S. dollar, weaker than expected global growth (which only compounds the dollar's pressure on foreign earnings), and the possibility of disappointing domestic economic growth in the year ahead. The consensus growth outlook is positive — but more muted — for Europe, with real GDP growth for the Eurozone block of nations expected to range around 1.5% for 2016. Japan's growth outlook is pegged at an even slower 1% for 2016 and 2017.

Activity in the fixed income markets was dominated by two major themes: the U.S. Federal Reserve Bank's interest rate hike and credit weakness in the metals, mining, and oil and gas sectors. In the U.S., short-term yields rose by 30 to 40 basis points with the Fed's December move to raise the Fed Funds rate target to a range of 0.25% to 0.50%. For the year, the Barclays Capital Aggregate Index had a positive 0.55% return as coupon income offset price declines. The mortgage and asset-backed sectors were the best-performing sectors. The high-yield corporate sector — reflecting the weakness of the energy, mining, and oil and gas sectors — was the worst-performing sector, returning -4.45% for the year.

*Activity in the fixed income markets was dominated by two major themes: the U.S. Federal Reserve Bank's interest rate hike and credit weakness in the metals, mining, and oil and gas sectors.*

Emerging markets continued to lag the developed markets in 2015. The MSCI Emerging Markets Index returned -5.38% in local currency returns for the year. As with the developed markets, U.S. dollar strength versus emerging market currencies eroded returns fairly significantly for U.S.-based investors. Brazil (-41% for the year) was by far the weakest emerging market, as the country was beset by recession and political scandal. However, many emerging markets were exposed to the negative impact of weak commodity prices on their export-driven economies. While China's domestic market rout and awkward political response (including the arrest of financial industry executives, evidently because stocks went down) was the subject of considerable financial media attention, the MSCI China Index (a separate market open to global investors) was off only 7.6% in U.S. dollar terms for the year — on par with India's 6.1% decline. Russia was in positive territory, however, returning 5.0% in U.S. dollar terms for the full year.

## THE VALUE/GROWTH DIVERGENCE

As we noted in Q3, one of the prominent equity market trends over the past few years is the dominance of growth-style returns over those of value. CBIS' quantitative sub-advisers have noted the strong performance of their growth-related factors, such as strong trailing and forecast earnings growth and price momentum. Investors' search for earnings in a low global growth environment may be the equity market equivalent of investors stretching for yield in a low global interest rate environment. The Russell 1000 Growth Index gained 5.7% in 2015 versus the Russell 1000 Value Index's 3.8% decline. Growth's outperformance even persists, although to a much lesser degree, in the trailing five-year period (at 13.5% versus 11.3%).

## CENTRAL BANK DIVERGENCE

With the U.S. Federal Reserve now intending to implement additional short-term rate boosts in 2016 (with the oft-stated qualification that policy will be data-dependent), the Fed has definitively entered a tightening policy stance, at least in relation to the European Central Bank (ECB) and the Bank of Japan (BOJ). Both of these major developed market central banks continue to aggressively support markets with quantitative easing programs and resultant balance sheet expansions. Central bank easy money has lifted markets in recent years, but the tension between the lack of tangible earnings growth and central bank support eventually has to be reconciled — and it will be, in favor of hard evidence of earnings, since earnings drive long-term stock returns. This policy divergence by the world's leading central banks is the first significant one since the 2008-09 financial crisis. Whether this divergence will have a meaningful impact on markets is unclear, but it's likely to be a catalyst for considerable volatility in the markets.

Downside volatility allows our sub-advisers to commit new capital at better entry prices for stronger long-term returns. For the investor seeking long-term capital gains, volatility can be a gift — not a curse. In the short term, however, embracing volatility comes with self-doubt and regret. At any given moment in time, a fully and intelligently diversified portfolio will contain exposures to asset classes and styles that are underperforming, possibly declining and maybe even declining sharply. Many investors will chastise themselves for these exposures, "If only I'd not been in that!" These emotional impulses are entirely human, but they are an investor's worst enemy.

Given the unpredictable nature of markets and the inevitable volatility that buffets all portfolio exposures, successful investing is a challenge. We must remind ourselves that hindsight is 20/20, while foresight is shrouded in fog and uncertainty. This is ever and always true, and it is the reason a well-planned investment policy, thoughtful diversification, and a disciplined rebalancing policy represent the best way to manage the challenges that arise for all investors.

### FUND PERFORMANCE REVIEW

Both the CUIT Short Bond Fund and CUIT Opportunistic Bond Fund turned in relatively strong performances for both the fourth quarter and the year as a result of their defensive interest rate positioning and favorable security selection. The CUIT Intermediate Diversified Bond Fund, while benefitting from a defensive interest rate position, underperformed for the fourth quarter and year due primarily to the weakness in the Fund's energy corporate holdings.

Within the CUIT equity funds, all either outperformed or were close to their benchmarks, with the exception of the CUIT Core Equity Index Fund. The underperformance of this Fund is attributable to the impact of the CRI screening process. The CUIT International Equity Fund had strong performance for both the fourth quarter and the year.

The CUIT Balanced Fund underperformed its benchmark for both periods as a result of its overweight to the value sector, which underperformed growth by a significant margin over this period.

Within the CBIS Global Funds complex, the European Equity Fund outperformed for both the fourth quarter and the year. The World Equity Fund lagged the market rebound in the fourth quarter, and as a result the Fund slightly lags the benchmark since inception. Both the European Short-Term Government Bond Fund and World Bond Fund performed in line with benchmarks gross of fees, resulting in underperformance on a net basis.

### CUIT MONEY MARKET FUND

The CUIT Money Market Fund returned 0.02% for the 12 months ended December 31, 2015, versus 0.05% for its benchmark, the Merrill Lynch 91-Day Treasury Bill Index. The U.S. Federal Reserve gave cash investors their first relief in a decade with its December move to raise the Federal Funds target range to 0.25% to 0.50%. The Fed last raised the Fed Funds rate in 2006. The increase did not come soon enough to improve cash market yields in 2015; the Fund and benchmark both produced near-zero yields for the year. The sub-adviser reduced repo exposure in favor of increased weights to corporate credit and non-credit and asset-backed issues. By the end of the year, the portfolio maintained about 50% government exposure, 19% exposure to corporate and non-corporate credit, 13% to repos and about 10% to asset-backed issues. The sub-adviser expects U.S. economic growth to remain generally positive as 2016 progresses, although challenges to global growth have increased with the uncertainty surrounding China, weak commodity prices and emerging markets broadly. While the Fed has indicated it plans four rate hikes in 2016, it has also said these will be dependent on reasonably strong U.S. economic and employment data. Market expectations are more cautious, given what appears to be weaker than expected GDP growth in Q4 and pockets of weak economic reports in early 2016.

### CUIT SHORT BOND FUND

For 2015, the CUIT Short Bond Fund returned 0.81% versus the Merrill Lynch 1-3 Year Treasury benchmark's 0.54% return. The Fund's outperformance resulted primarily from its yield advantage; as was the case during Q4, it came from broad and diversified investment-grade corporate and asset-backed exposures. Widening spreads during the year partly offset the benefit. Duration and curve positioning together were largely neutral even though rates rose — primarily due to the Fund having a more barbelled structure (overweight the 0-1 year and 3-5 year segments) compared to the index, which is more bulleted.

The Fund's sub-adviser continues to expect the pace of Fed tightening to be slow and cautious, with the Fed carefully monitoring global economic data. Hikes at the Fed's projected pace of about one 0.25% increase per quarter during 2016, or at a slower pace, should result in positive outcomes for short-duration fixed income. The reinvestment of cash flows at a gradually increasing rate, along with currently attractive credit spreads, could also be a benefit to short-duration investors in the coming year. Even in a scenario of better-than-expected economic growth, the negative duration impact from higher yields would likely be offset with better performance for the more credit-sensitive sectors. The portfolio closed Q4 with about 25% exposure to Treasury and agency securities (versus the benchmark's 100% Treasury structure), with the remainder of the portfolio diversified across corporate and securitized debt in search of incremental yield. Overall effective duration remained approximately 0.2 years shorter than the benchmark's (at 1.6 years versus 1.8), although the Fund's duration exposure is structured far more broadly than the benchmark's. (The benchmark's is almost entirely focused in the 1-3 year segment, while the portfolio has a much broader distribution — from 0 years out to 6 years.) The portfolio has about a 9% allocation to high yield, but it should be noted this allocation does not closely track the broader high-yield market due to its higher quality and relatively short duration.

### CUIT INTERMEDIATE DIVERSIFIED BOND FUND

The CUIT Intermediate Diversified Bond Fund returned -0.13% (Class B, -0.05%) versus the Barclays Capital Aggregate Index benchmark's 0.55%. The primary driver of relative results was weakness among a small group of mining and commodity-related credit holdings during the latter part of the year, given the global weakness in these areas in 2015. The sub-advisers believe these holdings are largely suffering from negative market sentiment even though credit metrics are strong and they are likely to be strong performers over time. The Fund has been defensively positioned with respect to the risk of rising interest rates, which was beneficial as yields increased modestly toward year-end. The Fund remains defensively positioned with respect to interest rate risk, with a duration at year-end approximately 0.4 years below that of the benchmark. It remains underweight the mortgage-backed security (MBS) sector as tight spreads there offer modest compensation for extension risk if rates rise. Corporate credit spreads have widened notably over the past year. The sub-advisers are finding selective opportunities within the corporate sector in a number of well-capitalized issuers within industries that have experienced heightened volatility — particularly mining, where spreads have widened due to falling commodity prices despite strong asset coverage and, in some cases, sovereign support. Within the mortgage-backed and securitized credit sectors, the sub-advisers are invested in shorter-duration securities with superior prepayment protection. This is a feature that we believe may benefit the Fund in an environment of modestly increasing interest rates and higher market volatility.

### CUIT BALANCED FUND

The CUIT Balanced Fund returned -2.33% for the 2015 calendar year, trailing the blended 60% S&P 500 Index/40% Barclays Aggregate benchmark, which returned 1.28%. As in Q4, the primary reason for the relative return shortfall was the Fund's value equity style tilt; the Russell 1000 Value Index returned -3.83% for the year, significantly underperforming the S&P 500, which returned 1.38%. The Fund's bond segment slightly trailed its benchmark due largely to weakness among a small group of mining and commodity-related credit holdings during the latter part of the year, given the global weakness in these areas in 2015. The Fund has suffered a difficult two-year period for relative performance due to the dramatic dominance of growth over value and the Fund's value-style emphasis. The Fund's primary goal is to provide participants with a broadly diversified investment vehicle that offers the potential for participation in U.S. equity market capital appreciation, along with a potential reduction in the volatility associated with most equity-only Fund alternatives. While the value tilt has negatively impacted relative performance, we believe that traditional value-based strategies have proven to be an attractive approach for capturing equity market gains over most long-term measurement periods in the U.S., and that a market rotation back into value-style outperformance is long overdue. The Fund's bond segment remains defensively positioned with respect to interest rate risk, with a duration at year-end approximately 0.4 years below that of the benchmark. It remains underweight the mortgage-backed security (MBS) sector as tight spreads there offer modest compensation for extension risk if rates rise. Corporate credit spreads have widened notably over the past year. The sub-advisers are finding selective opportunities within the corporate sector in a number of well-capitalized issuers in industries that have experienced heightened volatility, particularly mining. Spreads have widened in these industries due to falling commodity prices, despite strong asset coverage and

— in some cases — sovereign support. Within the mortgage-backed and securitized credit sectors, the sub-advisers are invested in shorter-duration securities with what we believe is superior prepayment protection. This is a feature that may benefit the Fund in an environment of modestly increasing interest rates and higher market volatility.

### CUIT CORE EQUITY INDEX FUND

The CUIT Core Equity Index Fund returned 0.29% (Class B, 0.50%) for the 2015 calendar year, trailing the S&P 500 Index, which returned 1.38%. CBIS' stock screens had a fairly strong impact on the year's relative return. As in Q4, the industrial conglomerate screened under both CBIS' life ethics and violence criteria was a strong performer in the benchmark index, gaining more than 27% for the year. The Fund's negative tracking in the industrials sector was also influenced by the optimizer's reweighting into the machinery industry, which lagged with a return of about -16% in the benchmark. Also in the industrials sector, underweighting the aerospace and defense industry due to violence screens detracted slightly as the industry gained just over 5%. Tobacco screens in consumer staples contributed to the Fund's negative tracking; the tobacco industry, which is a 1.5% weight in the benchmark, returned a very strong 21% for the year. Additionally, the pharmaceutical industry in the healthcare sector outperformed, returning nearly 6%, and reweighting elsewhere within the sector — primarily into biotechnology and providers and services — did not fully recover the negative impact. Reweighting within information technology proved to be additive and helped recover some of the impact from screens elsewhere in the Fund. The primary source of strength in information technology was an overweight to benchmark heavyweight Alphabet (formerly Google), which gained nearly 45%.

### CUIT VALUE EQUITY FUND

The CUIT Value Equity Fund Class A shares returned -3.58% at year-end (Class B, -3.26%), slightly ahead of the -3.83% return for the Russell 1000 Value Index benchmark. Both share classes were also slightly ahead of the benchmark index on a trailing three-year basis as well. Value stocks within the domestic equity universe trailed growth stocks by a significant margin in 2015, a trend that has persisted more often than not over the past 10 years. Just examining the composition of the relevant Russell indexes, it is easy to see why value underperformed relative to growth in 2015. Financial stocks, whose returns were in aggregate near zero for the year, comprise nearly 30% of the Russell 1000 Value Index but only about 5% of the Russell 1000 Growth Index. Energy stocks, with returns in the -20% to -30% vicinity for 2015, were about 12% of the value index and less than 3% of the growth index. Information technology stocks, one of the best-performing market segments, comprised 28% of the growth index and about 10% of the value benchmark. By design, the entire post-fee excess return realized by the sub-advisers was generated by their specific stock selection skills during the year; in fact, the allocation impacts among the various sectors of the market were marginally negative. The best decisions made during the year, by far, were to avoid the worst performers among oil, gas and consumable fuel companies. In the index, that segment of the market has an allocation of more than 10%, and the weighted average return of those companies was around -23% for the year. By contrast, the Fund's sub-advisers only allocated 5% of assets to that sector and managed to select companies whose average return was around -4% in 2015. Another significant contributor to excess return during the year was the decision to overweight specific internet services and software companies within information technology — companies whose returns for the year were among the best within the S&P 500.

Relative to its benchmark index, the CUIT Value Equity Fund began 2016 with positioning similar to what it was entering Q4, with significant overweights in both information technology and consumer discretionary companies. The underweights in all other sectors are spread almost proportionally throughout the Fund. The weighted average market capitalization of the holdings within the Fund is significantly below that of the benchmark index — something which has been a headwind for performance recently, but has proven to be favorable over longer time periods. The overall price-to-earnings (P/E) ratio of the Fund is below that of the Russell 1000 Value Index, yet the return on equity (ROE) and five-year earnings growth estimates are significantly higher compared with the overall index. This combination of characteristics is consistent with the successful investment processes utilized by the sub-advisers during their long tenures with the Fund. While the sub-advisers' stock selections generally are not influenced by changing macroeconomic conditions and forecasts, we believe they are well positioned to outperform a passive strategy even if the domestic equity markets remain choppy in the short term. Ultimately, a more friendly stock picking environment is overdue and will emerge for active equity managers, along with a rotation back into a period where value stocks outperform growth stocks. A more normal investment environment may still be delayed until some new equilibriums are reached in oil and other energy markets and in broader commodity markets globally, and until the monetary policies of the Fed and other central banks become more stable and predictable. As all of these global macroeconomic factors interact, the sub-advisers will remain fully invested in specific companies that present their investors with potential opportunities for above-average returns over a complete market cycle.

### CUIT GROWTH FUND

The Fund's 7% return in the fourth quarter brought the total 2015 return up from negative territory to finish the year at 5.29% (Class B, 5.63%) — slightly below the Russell 1000 Growth Index benchmark's return of 5.67%. In general, the large cap growth equity space was just about the best place to be in 2015 for positive investment returns. The asset class outperformed value and core domestic equity strategies, small cap stocks, international developed and emerging markets equity investments, and the vast majority of fixed income funds. Despite the benefit of a tailwind provided by a favorable opportunity set, a stock picker in large cap growth faced some unique challenges in 2015 to match or surpass the benchmark return. For example, information technology stocks comprise roughly 28% of the index, and the average weighted return for the sector was 9.2%. However, in order to meet or beat that benchmark return within a portfolio, the sub-advisers had to have a favorable mix of overweighted stocks in internet services and software companies (approximately 18% of the index), which collectively earned double-digit positive returns in 2015 — and at the same time underweight or totally avoid the remaining 10% of the sector (electronic and communications equipment, hardware storage and semiconductors), which collectively realized negative returns for the year. Other challenges for active investors in this asset class during the year included avoiding the severe downturns in valuations among energy companies (-38% return on average within the index), as well as the -6% average returns realized in industrials and materials — together more than 15% of the index. Although sector bets are very much muted in the Fund, the avoidance of poor-performing stocks and resulting underweight within industrials was one of the more significant positive contributors to excess return in 2015. Much of the underweight occurred in the machinery and road and rail sub-components. A prominent source of positive stock selection was evident within the healthcare sector, specifically among equipment and supply makers, healthcare providers and services. And consistent with the fourth quarter results, the annual performance numbers indicated very positive stock selection results within the energy component. While it was a small component, it was one littered with performance land mines in 2015. It is worth repeating the point that a Fund's relative performance is driven just as much by the securities it does not hold as by those it does.

At year-end 2015, the Fund remained positioned to pursue the goal to outperform the Russell 1000 Growth Index over a complete market cycle, primarily through stock selection across a broad cross-section of the U.S. large cap equity market. The sub-advisers combine quantitative investor preference modeling techniques with bottom-up fundamental stock picking research to construct a portfolio that is risk controlled in terms of sector and factor exposures relative to the benchmark index. While growth stocks have continued to outperform value stocks for an extended period of time and created a favorable environment for generating absolute returns, those same conditions typically make it difficult for active growth managers to beat passive indexes. In an extended low inflation, low interest rate environment, investors are searching for yield and higher returns — and the current sentiment suggests that superior

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returns may only be realized by finding the companies that are growing the fastest and most consistently. Managers are competing among a limited number of investment ideas with an increasing number of investing competitors all trying to accomplish the same result at the same time. Such an environment often creates positive price momentum among stocks that can persist for varying amounts of time, and the Fund's sub-advisers have been successful in taking advantage of those and other trends associated with stocks that have outperformed the market. But recognizing that these trends can reverse without much warning — and that the reversal can be swift and steep — it is prudent to remain diligent in the risk-limiting aspects of the stock selection and portfolio construction processes. Hence, the Fund entered 2016 with relatively minor bets across sectors and valuation measures relative to the Russell 1000 Growth Index. The sub-advisers are relying on their fundamental research on specific companies, as well as their quantitative models to identify changing returns for various factor exposures, in order to generate positive excess returns going forward. The Fund continues to have an underweight in industrials, offset with overweights in information technology, consumer staples and financials.

### CUIT SMALL CAPITALIZATION EQUITY INDEX FUND

The Fund returned -4.75% (Class B, -4.53%) for the 2015 calendar year, slightly trailing the Russell 2000 Index, which returned -4.41%. There was little portfolio-level impact from screens. In industrials, the absence of a machinery industry index constituent from the Fund — screened under CBIS' violence criteria — was very marginally additive, as the company declined 60%. However, it represents only a tiny weight among the nearly 2,000 companies in the benchmark. In consumer staples, the tobacco industry gained nearly 30%, but comprises less than 0.2% of the index by weight (and includes only four companies); its absence from the Fund had a very small negative impact on tracking. In consumer discretionary, gains by two screened gun makers — at 132% and 76% respectively — detracted slightly, but this was fully offset elsewhere in the sector by reweighting into the distributors industry.

### CUIT INTERNATIONAL EQUITY FUND

For the trailing one-year period, the CUIT International Equity Fund's return was -2.82% (Class B, -2.45%) — roughly 100 to 140 basis points better than the MSCI All Country World (ACWI) ex USA Index benchmark's return of -3.81%. This marks another year of disappointing equity returns in global markets relative to those in the U.S. In local currencies, the international equity markets performed much better, but the continued strength of the U.S. dollar wiped out much of those gains for dollar-based investors. To illustrate just how challenging it has been in recent years to generate dollar-denominated returns overseas, the Fund's benchmark index trailed the S&P 500 Index by more than 500 basis points in 2015; it trails by nearly 1,100 basis points on a three-year annualized basis, more than 900 basis points annualized over five years, and more than 400 basis points annualized over the past 10 years. Long-term investors know from experience that trends such as these cannot persist forever; at some point, we are likely to enter a period where equity markets abroad will make up some of the return differentials built up since the global financial crisis of 2008-09.

The Fund experienced several changes during 2015, including a new benchmark index in June, which resulted in additional allocations to emerging markets securities. The addition of WCM Investment Management as a third sub-adviser created a significant restructuring of existing assets but no associated change in the investment objectives. The changes did result in additional one-time transaction costs throughout the year; however, the sub-advisers' stock selection skills worked well during the transitions and the Fund generated significant positive excess returns, net of fees and all transaction costs. In broad terms for the year, the Fund benefitted from being overweight in the better-performing information technology stocks and underweight in the weaker-performing financials sector. An underweight in healthcare on average during the year detracted from relative performance; however, positive individual security selection results within several sub-components of healthcare more than made up for the sector allocation deficit. Another significant positive in terms of stock selection came from capital markets holdings within financials. The only significant detractors from relative performance over the 12-month period came from stocks within consumer staples and utilities. Consistent with the results for the fourth quarter, the Fund's overall performance for the year was relatively neutral to the benchmark in terms of country allocations. Deviations from the index returns came primarily from the collective individual security selections of the three sub-advisers — consistent also with our intentions in selecting and allocating Fund assets to these managers. The largest positive relative returns were generated from holdings within the U.K.; the worst relative performance was attributable to investments in Japan.

The addition of WCM as the third sub-adviser for the Fund should be particularly helpful if global markets exhibit similar weakness to what we endured in Q3. Their emphasis on higher quality growth-oriented franchises with significant and increasing market share versus competitors tends to provide significant protection in down markets, with continued participation when markets are trending upward. The dichotomy between growth and value strategies continued through the third quarter, but it is bound to revert back to a more normal relationship at some point. The sub-advisers are positioned to continue benefitting from recent market trends while remaining prepared for a reversal that may come swiftly. The correction that occurred in the fourth quarter should ease concerns about broad measures of inflated valuations. There seems to be a growing consensus that the probability of stability and perhaps a gradual rebound in the energy sector is more likely than another round of steep declines. Central banks seem poised to provide liquidity as needed to bolster markets, as the repeated rounds of quantitative easing by the U.S. Federal Reserve are viewed as having been quite helpful for American equity markets. If energy and other commodity prices stabilize, the prospects for better growth within emerging economies improves. The relative strength of the American dollar is helpful for trade-dependent economies. All of these factors at some point should spur a rebound in developed and emerging market equity returns — if not huge in absolute returns, then at least positive relative to those available in the U.S.

*If energy and other commodity prices stabilize, the prospects for better growth within emerging economies improves.*

### CBIS GLOBAL – EUROPEAN EQUITY FUND

For the full calendar year 2015, the European Equity Fund returned 10.44% net of fees and expenses versus its MSCI Europe Index benchmark's return of 8.78%. Consistent with the structure of the Fund, and as noted previously in the Quarterly Review, there was very little positive or negative performance generated by sector differences between the Fund and its benchmark index. A small underweight in the worst-performing energy sector was helpful by about 10 basis points, but the benefit was offset by a slight drag on performance resulting from holding transactional cash throughout the year. Strong stock selection results in healthcare during the fourth quarter propelled that sector to the top perch within the Fund in terms of contribution to excess return over the 12-month period. When looking at the full year, the Fund's underweight in pharmaceutical companies would have been a significant detractor from relative performance if not for extremely successful stock picking results within the grouping. To illustrate, the average return for pharmaceutical companies within the index was around 14% for 2015, but the Fund's pharmaceuticals holdings gained more than 30%. In addition, the underweight in pharmaceuticals was partially offset with a 3% overweight in life sciences — a segment of the market that gained more than 40% for the year.

The financial sector — especially banks — was another major source of stock selection strength in 2015. In the index, the average bank return was negative for the year, while the Fund's bank holdings earned on average more than 6%. Other than healthcare and financials, the Fund's significant net positive results were spread more evenly within the materials and industrials sectors. There were no significant detractors from relative performance among the remaining sectors when measured over the 12-month period — only relatively minor differences from the returns available within the index universe of investments.

The Fund continues to be managed with a value bias and employs a rigorous quantitative process that emphasizes stock selection as the primary source of targeted excess return, with tight controls on sector exposure relative to the benchmark. Portfolio names are generally value stocks the sub-adviser believes present good earnings momentum relative to industry peers. The current macro environment favoring growth stocks over value stocks globally cannot persist indefinitely and now seems overdue for a reversal. Such a reversal, along with the potential for slowly rising interest rates, could be favorable for the Fund's concentration in value-oriented securities. In the interim, the sub-adviser will stick to the discipline that has produced relatively strong results over the past three years despite the significant headwinds faced within European equity markets.

### CBIS GLOBAL – WORLD EQUITY FUND

The Fund was launched on February 20, 2015; as a result, there is no trailing one-year performance to discuss. The World Equity Fund combines a relatively concentrated portfolio, structured through traditional fundamental company and industry research, with a more broadly diversified portfolio, structured through a quantitative investment process that employs a factor-based stock selection model. While both portfolios demonstrate an active share that clearly differentiates them from the benchmark, the Fund's sector-level active exposures are largely due to the influence of the more concentrated portfolio. As Q4 ended, the Fund's largest active exposure at the sector level was a significant underweight to financials; this is likely to be persistent, as the fundamental portfolio's sub-adviser sees long-term opportunities that best suit its particular investment style in other sectors. The Fund has its largest overweight in healthcare, and more modest higher-than-benchmark allocations in the energy and consumer discretionary sectors. The Fund maintains liquidity at the upper end of its expected weighting range to take advantage of any buying opportunities that may appear. We believe that economic growth, while currently slow, will eventually strengthen; the Fund is positioned for exposure to industry-leading companies that could be both engines and beneficiaries of any renewed economic vitality.

### CBIS GLOBAL – EUROPEAN SHORT-TERM GOVERNMENT BOND FUND

The Fund slightly underperformed the Barclays Euro Government Bond Index 1-3 Year Term benchmark on a net-of-fees basis during the last 12 months, returning 0.64% versus the benchmark return of 1.00%. Given the low interest rate levels in Europe, the sub-adviser maintained cautious portfolio positioning. In terms of country exposures, the Fund's small overweight to Italian debt (which was 50% of the benchmark by weight) was a marginally positive contributor to relative return, while its small exposure to German debt detracted slightly.

As 2016 began, the sub-adviser saw hints of a strengthening in very slow European economic growth while the European Central Bank (ECB) forecast real GDP growth of 1.7% for the year. Despite this, concerns about weakness in oil prices and slowing Chinese growth dominated financial market news headlines in January. Reflecting very low market yields and the sub-advisers' cautious positioning, the Fund began 2016 with a slightly lower duration than that of the benchmark, at 1.64 years versus the benchmark's 1.72 years. The Fund maintained a slight overweight to Italian debt, a moderate underweight to Spain and a slight underweight to the Netherlands. There was no French or German exposure in the Fund or benchmark as 2016 began. The Fund's portfolio was structured more broadly than the benchmark in terms of effective duration, with 16% exposure below 1 year and 7% to the 3-5 year segment, whereas the benchmark is 100% weighed in the 1-3 year segment.

### CBIS GLOBAL – WORLD BOND FUND

The World Bond Fund slightly underperformed the Barclays Global Aggregate Euro benchmark on a net-of-fees basis during 2015, returning 6.96% versus the benchmark return of 7.88%. The Fund was positioned with a defensive U.S. interest posture throughout the year, which was the largest negative detractor. The longer interest rate exposure in Europe was beneficial, though not of a magnitude to offset the U.S. positioning. Furthermore, credit exposure was a minor negative to relative performance.

The sub-adviser expects the global economy to remain resilient over 2016, but believes global markets may be a very different story as investors continue to focus intently on central bank moves, given how integral they were in shoring up the financial system in the wake of the financial crisis. As such, until central bank decisions are less clouded by external factors, the sub-adviser is wary of taking large-scale directional positions. The portfolio's underweight duration positioning relative to the Barclays Global Aggregate benchmark was slightly increased during the fourth quarter from -0.08 years to -0.27 years. The portfolio's credit exposure was increased, particularly at the 15-20 year part of the U.S. curve and in Europe at the 10 year point. The portfolio maintains underweight U.S. and U.K. interest rate risk relative to Europe, although part of the underweight in the U.S. versus Europe was reduced during the course of the quarter. The portfolio's European duration overweight was increased slightly in Q4 compared with Q3, mainly through an overweight allocation to France. In Germany, the sub-adviser reduced the portfolio's overweight exposure to bunds in the 7-10 year and 20-25 year points in the curve. This was mainly due to the European Central Bank's policy decision to loosen monetary conditions, which failed to meet market expectations; as a result, yields sold off. The sub-adviser expects peripheral Europe to remain a positive contributor to performance and maintains overweight allocations to Italy and Spain. The sub-adviser continues to maintain a positive view on long-dated U.S. credit and plans to invest in that area as attractive opportunities arise.

## CUIT FUND PERFORMANCE AS OF DECEMBER 31, 2015

| FUND | 1 MO | 3 MO | 1 YR | 3 YR | 5 YR | 10 YR | SINCE INCEPTION | INCEPTION DATE |
|---|---|---|---|---|---|---|---|---|
| CUIT Money Market Fund + | 0.00 | 0.01 | 0.02 | 0.03 | 0.02 | 1.11 | 3.42 | Jan 1985 |
| Merrill Lynch 91-Day TBill Index | 0.03 | 0.03 | 0.05 | 0.05 | 0.08 | 1.24 | 3.88 | |
| CUIT Short Bond Fund | (0.24) | (0.18) | 0.81 | 1.01 | 1.66 | 3.13 | 5.41 | Jan 1985 |
| Merrill Lynch 1-3yr Treasury Index ** | (0.09) | (0.44) | 0.54 | 0.50 | 0.70 | 2.42 | 5.29 | |
| CUIT Opportunistic Bond Fund Class A | (0.27) | (0.23) | 0.98 | * | * | * | 0.73 | May 2013 |
| CUIT Opportunistic Bond Fund Class B | (0.26) | (0.19) | 1.23 | * | * | * | 0.88 | May 2013 |
| Barclays 1-5 Year US Government/Credit Index | (0.22) | (0.57) | 0.97 | * | * | * | 0.79 | |
| CUIT Intermediate Diversified Bond Fund Class A | (0.62) | (0.63) | (0.13) | 1.21 | 3.35 | 5.02 | 5.97 | Jan 1995 |
| CUIT Intermediate Diversified Bond Fund Class B | (0.68) | (0.67) | (0.05) | 1.37 | 3.51 | 5.18 | 4.82 | Jan 2003 |
| Barclays Capital Aggregate Bond Index | (0.32) | (0.57) | 0.55 | 1.44 | 3.25 | 4.51 | 5.93 / 4.31 | |
| CUIT Balanced Fund | (1.82) | 2.87 | (2.33) | 8.82 | 8.26 | 5.97 | 8.74 | Dec 1983 |
| 60% S&P 500/ 40% BC Agg*** | (1.08) | 4.01 | 1.28 | 9.62 | 8.95 | 6.48 | 8.66 | |
| CUIT Value Equity Fund Class A | (3.28) | 5.11 | (3.58) | 13.48 | 11.09 | 5.68 | 9.37 | Jan 1995 |
| CUIT Value Equity Fund Class B | (3.27) | 5.18 | (3.26) | 13.87 | 11.48 | 6.05 | 9.25 | Jan 2003 |
| Russell 1000 Value Index | (2.15) | 5.63 | (3.83) | 13.08 | 11.27 | 6.16 | 9.79 / 8.67 | |
| CUIT Core Equity Index Fund Class A | (1.72) | 6.70 | 0.29 | 14.71 | 12.01 | 6.72 | 9.17 | Jan 1995 |
| CUIT Core Equity Index Fund Class B | (1.72) | 6.73 | 0.50 | 14.94 | 12.23 | 6.91 | 4.56 | Mar 2000 |
| Standard & Poor's 500 Index ++ | (1.58) | 7.04 | 1.38 | 15.13 | 12.57 | 7.31 | 9.44 / 4.57 | |
| CUIT Growth Fund Class A | (1.40) | 7.05 | 5.29 | 16.04 | 11.83 | 6.29 | 8.24 | Jan 1991 |
| CUIT Growth Fund Class B | (1.37) | 7.13 | 5.63 | 16.42 | 12.19 | 6.62 | 8.24 | Jan 2003 |
| Russell 1000 Growth Index **** | (1.47) | 7.32 | 5.67 | 16.83 | 13.53 | 8.53 | 9.27 / 9.60 | |
| CUIT Small Capitalization Equity Index Fund Class A | (4.93) | 3.65 | (4.75) | 11.16 | 8.57 | * | 5.09 | Jan 2007 |
| CUIT Small Capitalization Equity Index Fund Class B | (4.93) | 3.62 | (4.53) | 11.46 | 8.88 | * | 5.38 | Jan 2007 |
| Russell 2000 Index | (5.02) | 3.59 | (4.41) | 11.65 | 9.19 | * | 5.59 | |
| CUIT International Equity Fund Class A | (1.10) | 5.25 | (2.82) | 4.01 | 2.91 | 2.42 | 5.48 | Jan 1995 |
| CUIT International Equity Fund Class B | (1.06) | 5.35 | (2.45) | 4.42 | 3.32 | 2.84 | 1.20 | Mar 2000 |
| MSCI ACWI-ex U.S. ‡ | (1.85) | 3.30 | (3.81) | 4.24 | 3.35 | 3.14 | 4.96 / 2.81 | |

* Data not available.

** Benchmark Index: ML 1-3 Yr Treasury Index effective 7/1/01; ML 1-5 Yr G/C Index effective 4/1/98; 50% LB Intermediate Government /50% LB 1-3 Yr Government effective 5/1/96; LB 1-3 Yr Government in prior periods.

*** Benchmark Index: 60% S&P 500/40% BC Aggregate effective 1/2/03; 60% S&P 500/30% LB Aggregate/10% T Bill effective 4/1/91; 60% LB Aggregate/40% S&P 500 in prior periods.

**** Benchmark Index: Russell 1000 Growth Index effective June 1, 2000; prior to this date, historical returns reflect Russell Mid-Cap Growth Index.

\+ The CUIT Money Market Fund changed its investment approach from overnight repurchase agreements, to actively managed effective 8/1/01.

++ "S&P 500" is a registered trademark of McGraw-Hill Companies, Inc. ("McGraw-Hill"). The CUIT Core Equity Index Fund is not sponsored, endorsed, sold or promoted by Standard & Poor's and Standard & Poor's makes no representation regarding the advisability of investing in the fund.

## CBIS GLOBAL FUNDS PLC PERFORMANCE AS OF DECEMBER 31, 2015

### Net of Fees & Expenses Comparative Returns

| INVESTMENT OPTION/BENCHMARK | 1 MO | 3 MO | 1 YR | 2 YR | 3 YR | 5 YR | SINCE INCEPTION | INCEPTION DATE |
|---|---|---|---|---|---|---|---|---|
| CGF EUR SHORT GOV BOND FUND | (0.10) | 0.23 | 0.64 | 1.07 | 1.61 | 2.41 | 1.96 | 5/6/2009 |
| Barclays Euro Government Bond 1-3yr Term Index (Eur) | (0.05) | 0.28 | 1.01 | 1.54 | 2.11 | 2.70 | 2.52 | |
| CGF WORLD BOND FUND | (2.40) | 1.75 | 6.96 | 10.13 | 3.87 | 4.42 | 3.62 | 7/12/2010 |
| Barclays Capital Global Aggregate Index (Eur) | (2.26) | 1.81 | 7.88 | 11.16 | 4.82 | 5.25 | 4.53 | |
| CGF WORLD EQUITY FUND | (4.53) | 7.45 | * | * | * | * | (1.29) | 2/23/2015 |
| MSCI All Country World Index (Eur) | (4.49) | 8.05 | * | * | * | * | (0.87) | |
| CGF EUR EQUITY FUND | (4.06) | 6.58 | 10.44 | 8.11 | 13.72 | 7.73 | 8.30 | 7/12/2010 |
| MSCI Europe Index (Eur) | (5.26) | 5.35 | 8.78 | 8.09 | 12.08 | 8.99 | 10.26 | |
| STOXX Europe Christian (Eur) - NET | (5.37) | 5.67 | 8.24 | 7.08 | 11.18 | 7.51 | 9.24 | |

Please see Important Information on page 20 about the Funds and their performance.

LOOKING WITHIN

# Unifying Faith & Business

*We seek to hold ourselves to the same standards by which we conduct the business of Catholic Responsible Investing℠. Through this philosophy, we further tie our efforts to the teachings of the Church. CBIS seeks to be a wise steward of scarce resources, to develop the whole person and to reach out to those most in need. We believe that individual and collective actions have economic, social and environmental consequences locally, regionally and globally.*

## ENVIRONMENTAL STEWARDSHIP

CBIS asks that portfolio companies embrace sustainability as a way of doing business long-term. We hold ourselves to the same standard, believing each generation owes something to those that follow. We are committed to integrating environmentally responsible practices into our business activities:

- We seek to conserve energy and improve the efficiency of our internal operations.
- We seek to eliminate waste through reduction and recycling.
- We strive to reduce our carbon footprint by using recycled or reusable materials and minimizing energy use.
- We encourage the use of electronic communications, such as e-delivery of documents and video conferencing, and mass transit to help conserve resources.

## DIVERSITY

CBIS asks that portfolio companies hire a diverse workforce and disclose workforce demographic data on an annual basis. We hold ourselves to these same standards. Each year, we report on our commitment to diversity in our annual report to participants. Our diversity policy is defined by the following premises:

- We value each person's unique contribution to our service.
- We value the different backgrounds and perspectives that each person brings.
- We work to integrate our collective talent for the benefit of our participants.
- We favor vendors and investment managers who share our diversity goals.

CBIS employed a total of 47 individuals at year-end 2015. The tables (following page) compare our workforce demographics to those of the securities industry in general. We remain dedicated to building and maintaining a diverse workforce.

### 2015 CBIS Diversity

| % | Male | Female | White | Black | Hispanic | Asian |
|---|---|---|---|---|---|---|
| All | 53 | 47 | 75 | 17 | 4 | 4 |
| Officers | 100 | 0 | 66 | 17 | 17 | 0 |
| Supervisors | 54 | 46 | 92 | 0 | 0 | 8 |
| Professionals | 77 | 23 | 77 | 23 | 0 | 0 |
| Office & Clerical Workers | 13 | 87 | 59 | 27 | 7 | 7 |

### 2014 EEO-1 National Aggregate Report – Funds, Trusts & Other Financial Vehicles

| % | Male | Female | White | Black | Hispanic | Asian |
|---|---|---|---|---|---|---|
| All | 47 | 53 | 69 | 11 | 8 | 9 |
| Officials & Managers | 75 | 25 | 88 | 2 | 2 | 6 |
| Professionals | 55 | 45 | 73 | 6 | 5 | 14 |
| Office & Clerical Workers | 27 | 73 | 58 | 20 | 14 | 6 |

### ANNUAL COMMUNITY OUTREACH

CBIS looks for ways to give to the communities where we make our homes and conduct our business. Each year, we participate in a variety of outreach activities, especially during the Christmas season:

- We seek to participate in anti-hunger initiatives — such as City Harvest and One City, One Food Drive — that include a wide range of businesses such as restaurants, farms and manufacturers.
- We value adopt-a-family programs that allow more direct participation in communities.
- We actively participate in the efforts of various Catholic organizations including the Society of St. Vincent de Paul, the Catholic Worker Movement, the St. Anthony Foundation and St. James School.

### IMPORTANT INFORMATION

The CUIT Funds are exempt from registration with the Securities and Exchange Commission and therefore are exempt from certain regulatory requirements applicable to registered mutual funds. Performance for periods of one year and longer are annualized. All Fund performance is reported net of fees and expenses, but inclusive of dividends and interest. The return and principal value of the Funds will fluctuate and, upon redemption, shares in the Funds may be worth less than their original cost. CBIS offers pooled funds on behalf of a not-for-profit investment trust, Catholic United Investment Trust (CUIT). Offering Memoranda / Disclosure Statements, which contain further information regarding each of the Funds, including certain restrictions regarding redemptions, are available by calling 800-592-8890. Such information should be carefully considered prior to investing in the Funds. Shares in the CUIT Funds are offered exclusively through CBIS Financial Services, Inc., a broker-dealer subsidiary of CBIS.

CBIS Global Funds plc is authorised by the Central Bank of Ireland pursuant to the European Communities (Undertakings for Investment in Transferable Securities) Regulations, 2011. CBIS Global Funds plc (UCITS) products are available in select countries around the world. Performance for periods of one year and longer are annualized; all Fund performance is reported net of any fees and expenses, but inclusive of dividends and interest. The return and principal value of the Fund will fluctuate, and upon redemption, shares in the Fund may be worth less than their original cost. Past performance may not be a reliable guide to future performance. All Fund assets are invested in accordance with CBIS' Catholic Responsible Investing Guidelines. The Fund provides daily NAV and daily liquidity. Comparative indices represent unmanaged or average returns on various financial assets which can be compared to the Fund's total returns for the purpose of measuring relative performance, but are not necessarily intended to parallel the risk or investment approach of your investments; the indices do not incur taxes or expenses but are inclusive of dividends and interest. Comparative index information is provided by third parties; information regarding composition of indexes may be obtained from the provider or CBIS. A prospectus describing the Funds offered by CBIS Global Funds (in English), together with Key Investor Information Documents for the Fund in English, French, Italian and Spanish, are available by calling the Rome Service Center at (39) 06 6601 7218 or on our website at www.cbisonline.com.

NEW YORK
777 Third Avenue
29TH Floor
New York, NY 10017
TEL 800.592.8890
TEL 212.490.0800
FAX 212.490.6092

CHICAGO
20 N. Wacker Drive
Suite 2000
Chicago, IL 60606
TEL 877.550.2247
TEL 312.803.6440
FAX 312.803.6441

SAN FRANCISCO
One Embarcadero Center
Suite 500
San Francisco, CA 94111
TEL 800.754.8177
TEL 415.623.2080
FAX 415.623.2070

CBIS GLOBAL ROME SERVICE CENTRE
Via Aurelia, 476
CP 9099 (Aurelio)
00165 Roma - Italia
TEL (39) 06 66 01 72 18
FAX (39) 06 663 88 21

ACCOUNT SERVICES
Catholic United
Investment Trust
P.O. Box 9683
Providence, RI 02940-9683
U.S. TEL 800.321.7194
INT'L TEL 508.871.9942
U.S. FAX 844.261.6489
INT'L FAX 508.599.4183