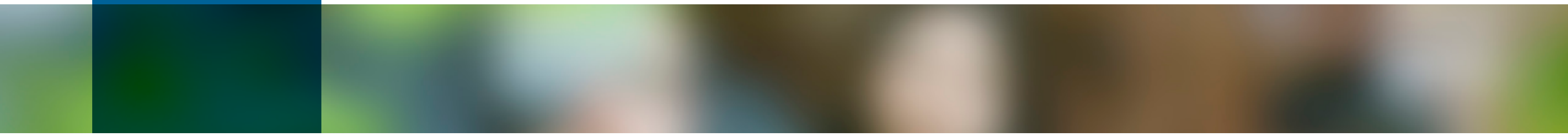
ACTIVE MANAGEMENT

The Power of a Multi-Manager Structure

CBIS combines two or three managers in most of our actively managed funds to enhance risk-adjusted returns relative to a single-manager structure. In this paper, we expand on our rationale for choosing a multi-manager structure and the benefits it provides to investors.

KEY TAKEAWAYS

- CBIS believes that long-term outperformance comes from investing with high-conviction managers — managers that are truly active rather than closet indexers, and that faithfully adhere to their approach.
- High-conviction managers are inevitably going to experience periods of short-term underperformance that make investors feel so uncomfortable that some will terminate them prematurely.
- CBIS's multi-manager structure allows investors to capture the long-term alpha generated by high-conviction managers while minimizing the negative impact of temporary underperformance.
- Our multi-manager funds incorporate Catholic screens and active ownership strategies, all at fees that are competitive with fees of single-manager funds.



WINNING FOR THE LONG TERM

High-Conviction Managers Outperform Over Time

CBIS believes that, to produce attractive long-term excess returns, active managers must have high conviction. We define high conviction as a combination of these two attributes:

- A willingness to build portfolios that look meaningfully different than the benchmark *and*
- The patience to adhere to the investment philosophy and process in the face of short-term underperformance.

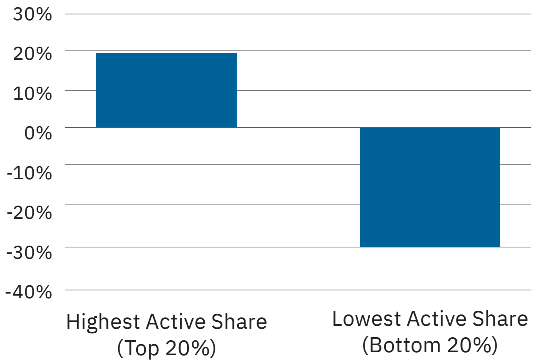
Years of experience tell us that high conviction drives long-term outperformance. Research also supports our way of thinking. In a 2009 study, managers with a high level of active share — a measure of how much a manager's portfolio differs from the benchmark — were shown to outperform their benchmarks both before and after expenses. Conversely, managers with the lowest active share underperformed after expenses.[1] A follow-up study found that high active share managers with longer holding periods — a measure of patience — outperformed those with shorter holding periods.[2]

The Strength of High Conviction

Research substantiates our view that the most successful active managers are high-conviction managers — those combining high active share with a patient, long-term investment horizon.

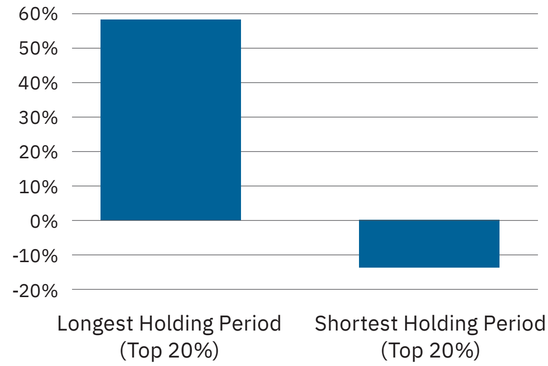
Outperformance of Managers by Level of Active Share

Cumulative Net Outperformance Over a 25-Year Period



Outperformance of High Active Share Managers by Length of Holding Period

Cumulative Net Outperformance Over a 25-Year Period



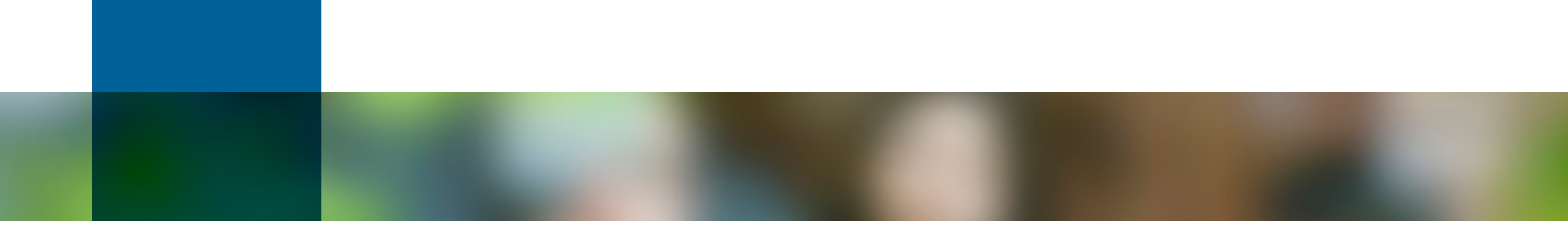
Source: Left, Cremers & Petajisto, 2009; right, Cremers M., 2016

LOSING ON THE WAY TO WINNING

Top Managers Often Underperform in the Short Run — Which Many Investors Find Hard to Tolerate

The road to long-term outperformance can be bumpy for high-conviction managers. Subject to the vagaries of market moves, macro forces and other dynamics, the best managers endure periods when their strategy is out of favor and their relative performance suffers.

[1] Cremers & Petajisto, "How Active is Your Fund Manager? A New Measure That Predicts Performance," *The Review of Financial Studies,* 2009
[2] Cremers M., "Patient Capital Outperformance: The Investment Skill of High Active Share Managers Who Trade Infrequently," *Journal of Financial Economics,* 2016



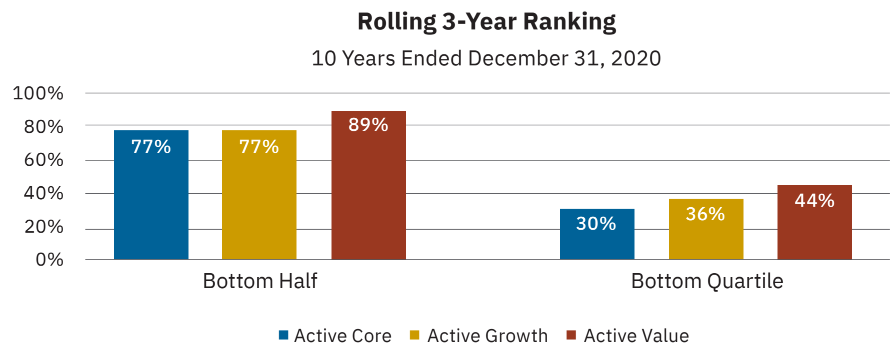
By way of example, CBIS looked at the track records of U.S. equity managers that ranked in the top quartile of their respective peer groups over the 10 years ended December 31, 2020. These managers not only performed well relative to peers but also versus their market benchmarks. Nonetheless, across core, growth and value styles, nearly 80% or more of managers ranked in the bottom half of their relevant peer group in at least one rolling three-year period. Upwards of 30% ranked in the bottom quartile in at least one period.

Unfortunately, many investors lack the fortitude to ride out episodes of short-term manager underperformance. Behavioral tendencies get the best of them, and they terminate long-term winners too soon — decisions that can be costly, as demonstrated by numerous academic studies.

Setbacks on the Road to Victory

On their way to long-term success, most top managers look like bottom managers for a while.

Percentage of Top-Quartile Active Institutional Funds That Ranked in the Bottom Half or Bottom Quartile of Their Respective Peer Universes in at Least One Rolling Three-Year Period



Source: eVestment; gross-of-fee performance used to eliminate impact of fee customization on ranks; benchmarks are: Active Core, S&P 500; Active Growth; Russell 1000 Growth; Active Value; Russell 1000 Value

SMOOTHING OUT THE JOURNEY

By Using a Multi-Manager Structure, CBIS Seeks to Deliver Attractive Alpha With Less Volatility

The short-term underperformance of skilled managers — and the tendency for investors to respond by prematurely firing them — is precisely why CBIS implements a multi-manager approach in actively managed funds. This structure is designed to:

- Provide investors with the positive manager attributes that are needed for long-term outperformance of market benchmarks
- Minimize the negative impact of what accompanies those attributes, namely the inevitable bouts of short-term underperformance that create discomfort for investment committees

We identify high-conviction managers with complementary investment styles and combine them into a single fund. Our goal is to capture the average excess returns of the managers but with less volatility than we would assume with a single-manager fund.

Better Than the Sum of the Parts

CBIS's multi-manager funds aim to provide investors with a better risk-return outcome over time than any of the managers would have provided individually.

ACHIEVING THE OPTIMAL MIX

Our Multi-Manager Funds Can Outperform Even When Individual Managers Are Temporarily Struggling

Our search for high-conviction managers leads us to managers with distinct core competencies that run high active share portfolios and have longer-term investment horizons. All managers must demonstrate their ability to successfully incorporate CBIS's Catholic screens into their process.

High-conviction managers generally build higher-risk portfolios, as measured by active share and other metrics like tracking error and standard deviation of returns. With a multi-manager approach, we can assume higher individual manager risk because we construct the funds using managers with complementary styles. The managers provide exposure to different drivers of return; consequently, their return streams do not move in perfect sync with one another.

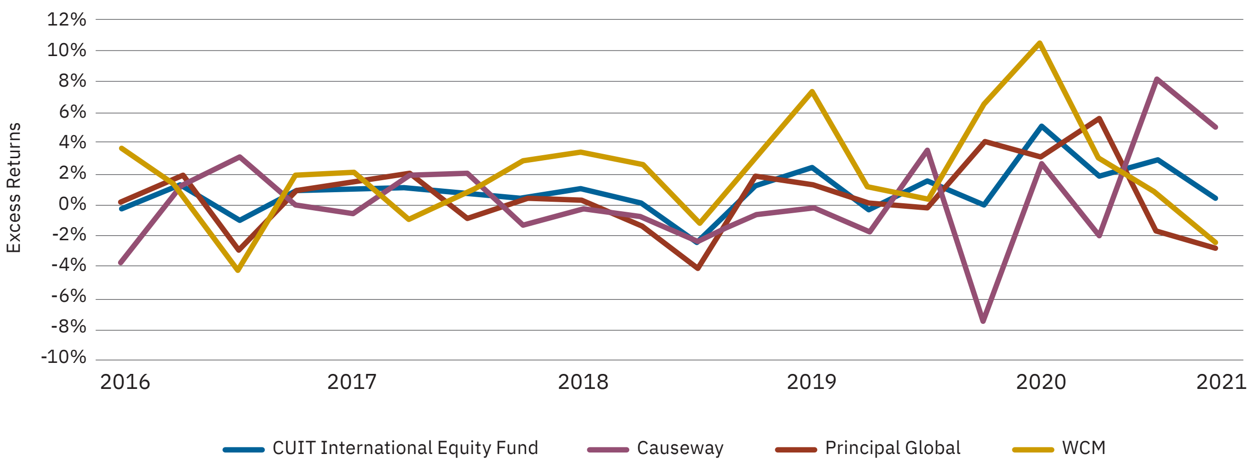
The benefits of manager diversification are clear when looking at the returns of the CBIS CUIT International Equity Fund — a fund designed to provide exposure to more return drivers than the typical international equity fund and with lower tracking error. The CUIT International Equity Fund includes three sub-advisers: Causeway, Principal Global and WCM. In early 2020, Causeway hit a rough patch, but the impact was minimized by the outperformance of WCM and, to a lesser degree, Principal. A year later, strong outperformance from Causeway more than compensated for relatively weak results from Principal and WCM.

Different Styles, Different Return Patterns

Due to the complementary styles of the sub-advisers, the CBIS CUIT International Equity Fund has the potential to outperform its benchmark even when two of the three sub-advisers are underperforming.

CUIT International Equity Fund and Sub-Advisers

Rolling Quarterly Excess Returns | Five Years Ended March 31, 2021



Source: FactSet

PROVIDING A COMPELLING OPPORTUNITY

CBIS Funds Offer Cost-Effective Access to Managers — and the Ability to Integrate Faith and Finance

CBIS's multi-manager structure provides Catholic fiduciaries with solutions they cannot easily access on their own. For many Catholic investors, trying to replicate the risk-return characteristics of our funds is impractical, both in terms of access and cost. Given the size of CBIS funds and our business relationships with sub-advisers, we are able to access high-minimum investment strategies at attractive terms. This allows us to offer our multi-manager funds at fees that are competitive with fees of single-manager funds.

And of course, all of our funds are managed in accordance with CBIS's Catholic Responsible Investments℠ (CRI) program, the combination of screening and active ownership that we are recognized for in the Catholic investment community.

Select CBIS Multi-Manager Funds

CBIS Funds Are Managed in Accordance With CBIS's Industry-Leading Catholic Responsible Investments℠ Approach

	CUIT Intermediate Diversified Bond	CUIT Multi-Style US Equity	CUIT International Equity
Managers (% Assets)	Brandywine (25%) Dodge & Cox (35%) SLC Management (40%)	Dodge & Cox (33%) Mar Vista (33%) Wellington (33%)	Causeway (40%) Principal Global (30%) WCM (30%)
Benchmark	Bloomberg Barclays Aggregate Bond Index	Russell 1000 Index	MSCI All Country World ex US
Complementary Competencies	Brandywine — Top-down, macro process with decisions on duration, yield curve, credit and sectors Dodge & Cox — Issue selection in search of yield advantage; low turnover; some duration risk SLC Management — Focus on upgrade candidates and mispriced securities; typically duration neutral	Dodge & Cox — Fundamental deep value process with 3- to 5-year horizon Mar Vista — Larger-cap stocks of companies with durable competitive advantages Wellington — Fundamental stock selection based on proprietary growth, value and quality criteria	Causeway — Value-oriented; fundamental research; quant approach for emerging markets Principal Global — Growth-oriented; integrated quantitative and qualitative process WCM — Concentrated, low-turnover portfolio focused on growth companies with sustainable competitive advantages

Information provided is the opinion of CBIS and is subject to change without notice.