

CBIS Portfolio Construction Update

CRI International Small-Cap Fund



The updates in this document impact the following Catholic Responsible Investments Funds:

- International Small-Cap
- Magnus 45/55
- Magnus 75/25
- Magnus 60/40 Alpha Plus
- Magnus 60/40 Beta Plus

The Catholic Responsible Investments **International Small-Cap Fund** (ISCF) invests primarily in a broadly diversified portfolio of equity securities of small capitalization companies based in those countries included in the MSCI All Country World ex-USA Small Cap Index.



Portfolio Review

In its recent review of the ISCF, the Catholic Responsible Investments Committee believes the Fund's return and risk characteristics, particularly the upside/downside capture ratios and its quality return factor, may be able to be improved through two enhancements that we are pursuing:

1. Addition of Allspring Global Investments, LLC (Allspring) as a sub-adviser to bring quality and growth characteristics to the Fund, while seeking to improve the risk reduction attributes through the pairing with ISCF's existing sub-adviser, Lazard Asset Management.
2. Addition of Parametric Portfolio Associates (Parametric) to facilitate the cash management requirements of the Fund with an effort to decrease the drag on performance typically associated with these cash balances. The international small-cap space is not as liquid as other markets, and the managers have been required to maintain frictional cash to facilitate trading and fund transactions.

Integrated Strategies Summary

Allspring's core international small-cap portfolio is built from bottom-up stock selection of companies with sustainable cash generation bought at a significant discount to intrinsic value. With its persistency to profitability, low beta, and size, the strategy is expected to offer a low-risk profile versus peers and strong capital preservation. We believe this strategy should perform well in most markets, aside from those in which lower quality companies advance at a rapid pace.

Parametric's portfolio construction expertise, technology, and resources provide a cost-effective way to achieve a desired market exposure. The firm's approach seeks to provide an index-like exposure through seeking to efficiently match sector characteristics and risk factors, while allowing for customization at much lower investment minimums than many other solutions.*

In total, the target allocations to the Fund's three asset managers provide an equal contribution to the expected risk of the Fund (as measured by expected tracking error), thereby improving the overall risk diversification without compromising on expected performance.

Result of Portfolio Reconstruction

These updates to the portfolio construction have led us to replace Global Alpha in the ISCF. Global Alpha was not providing the desired risk diversification we constantly strive for in constructing our funds. Furthermore, Global Alpha has been expanding their offering of strategies without a commensurate increase in resources, thereby reducing our level of conviction in their strategy.

Current Allocation (as of 7/18/2024)		Prior Allocation	
Lazard	55%	Global Alpha	50%
Allspring ^{NEW}	35%	Lazard	50%
Parametric ^{NEW}	10%		
TOTAL	100%	TOTAL	100%

*Benchmark: MSCI ACWI ex-USA Small Cap

Important Information

Carefully consider the funds' investment objectives, risks, and charges and expenses. This and other information can be found in the funds' full and summary prospectus, which may be obtained by visiting www.cbisonline.com or by calling 1-866-348-6466. Please read the prospectus carefully before investing.

There are risks involved in investing, including loss of principal. Asset allocation may not protect against market risk. There is no guarantee that these strategies will result in positive performance.

International investments may involve risk of capital loss from unfavorable fluctuation in currency values, from differences in generally accepted accounting principles or from social, economic or political instability in other nations. Emerging markets involve heightened risks related to the same factors as well as increased volatility and lower trading volume. Investments in smaller companies typically exhibit higher volatility. The primary risk of derivatives is that changes in the market value of securities held by the fund and of the derivative instruments relating to those securities may not be proportionate. Derivatives are also subject to illiquidity and counterparty risk.

Catholic Responsible Investment ("CRI") is an investment strategy designed specifically to help investors seek sound financial returns while remaining faithful to the teaching of the Roman Catholic Church.

The Funds consider the CBIS's CRI criteria in its investment process and may choose not to purchase, or may sell, including at inopportune times which would result in losses to the Fund, otherwise profitable investment in companies

which have been identified as being in conflict with the CBIS's CRI criteria. Funds may underperform other similar funds that do not consider CRI guidelines when making decision.

The funds are distributed by SEI Investments Distribution Co. (SIDCO). SIDCO is not affiliated with CBIS, the adviser, or the sub-advisers to the funds.

The MSCI ACWI ex-USA Small Cap Index captures small cap representation across 22 of 23 Developed Markets (DM) countries (excluding the US) and 26 Emerging Markets (EM) countries.

Upside capture ratio is used to evaluate how well an investment or fund performs relative to a benchmark index during periods when the benchmark is rising.

Downside capture ratio is used to evaluate how well an investment or fund performs relative to a benchmark index during periods when the benchmark is declining.

Tracking error shows a discrepancy between the price behavior of a position or a portfolio and the price behavior of a benchmark.

Beta is a measure of the volatility, or systematic risk, of a security or a portfolio in comparison to the market as a whole. Beta is used in the capital asset pricing model (CAPM), a model that calculates the expected return of an asset based on its beta and expected market returns.

Contact Us

If you have any questions, please reach out to your CBIS representative:



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or



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