

Wyoming Catholic Ministries Foundation

Investment Policy Statement

Date, November 8, 2010

Purpose

This Investment Policy Statement (IPS) outlines the goals and investment objectives for the Wyoming Catholic Ministries Foundation (WCMF). This WCMF document is intended to provide guidelines for managing the investments (the Fund) of the WCMF, and to outline specific investment policies that will govern how those goals are to be achieved. This statement:

- Describes an appropriate risk posture for the investment of assets,
- Establishes investment guidelines regarding the selection of investment managers and diversification of assets,
- Establishes a spending policy for those assets that have been identified by the Foundation as having the characteristics of an endowment benefiting the Foundation,
- Specifies the criteria for evaluating the performance of the investment managers and of the Fund as a whole,
- Defines the responsibilities of the Foundation, and other parties responsible for the management of the Fund.

Investment Objective

The Fund's assets shall be invested with prudence and in accordance with sound investment practices. In establishing the investment objectives of the Fund, the WCMF and the Affiliates have taken into account the financial needs and circumstances of their respective organizations, the time horizon available for investment, the nature of the Fund's cash flows and liabilities, donor wishes and other factors that affect their risk tolerance. Consistent with this, the WCMF has determined that the investment of these assets shall be guided by the standards adopted by the United States Council of Catholic Bishops (USCCB) Socially Responsible Investment Guidelines (the Guidelines), as adopted on November 12, 2003. The Guidelines are attached to and are part of this IPS. The Guidelines state in part that:

The United States Conference of Catholic Bishops is called to exercise faithful, competent and socially responsible stewardship in how it manages its financial resources. As a Catholic organization, the Conference draws the values, directions and criteria which guide its financial choices from the Gospel, universal church teaching and Conference statements. In order to function effectively and to carry out its mission, the Conference depends on a reasonable return on its investments and is required to operate in a fiscally sound, responsible and accountable manner. The combination of religious mandate and fiscal responsibilities suggests the need for a clear and comprehensive set of policies to guide the Conference's investments and other activities related to corporate responsibility.

In addition to the Guidelines, the investment of the Fund shall adhere to the following underlying principles:

- To achieve a rate of return over the long-term that would significantly contribute to the cash flow needs of the Fund for on-going operations and special initiatives in support of the WCMF;
- To provide for asset growth gross of expenses to meet or exceed the return objectives as described in the Performance Expectations portion of the IPS;
- To diversify the assets in order to manage portfolio risk and to prevent wide swings in market value from year-to-year, or of incurring large losses that could occur from concentrated positions;
- To achieve investment results over the long-term that compare favorably with those of other professionally managed socially responsible investment portfolios and of appropriate market indexes.

Mission and Objectives of the Wyoming Catholic Ministries Foundation

The Wyoming Catholic Ministries Foundation shall function for the purpose of supporting the religious, charitable, ministerial, and educational programs of the Roman Catholic Church in the State of Wyoming, as expressed in the teachings, the canon law, and the customs and practices of the Roman Catholic Church, and, more specifically, to provide acceptance, investment management, and distribution of gifts and other assets properly given to this Corporation, and to engage in such other activities as may be necessary or appropriate and consistent with this Corporation's status as exempt under section 501(c)(3) of the Internal Revenue Code. All funds controlled by the WCMF are covered by this policy, and such funds are to be accounted for in their respective annual financial reports.

Donations of Securities to the Fund

Donations of securities in lieu of cash may be received by the Fund. Subject to any constraints or stipulations from donors, and subject to conditions established by donors, the WCMF shall liquidate the securities and allocate those funds according to the IPS guidelines.

Tax Status

The WCMF is organized as a private not-for-profit corporation under IRS Section 501 (c)(3). As a result, the income and earnings of the Fund are exempt from State and Federal taxes. It is a policy of the WCMF that we will not take any action that will jeopardize that 501(c)(3) status.

Foundation Finance Committee

The President of the WCMF shall appoint the Finance Committee. The Committee has responsibility for acting on behalf of the WCMF within established policies, procedures and guidelines, in the management of the Fund. Specifically, the responsibilities of the Committee include:

- To recommend to the Board such operating procedures that will provide for the effective management of the Fund.
- To develop, review and recommend investment policy, strategies and guidelines to the Board.
- To select investment managers, investment management companies, investment management consultants and custodial banks.
- To report to the Board on the status of the Fund and its performance.
- To ensure that the assets of the Fund shall be invested in a manner that is consistent with generally accepted standards of fiduciary responsibility and restrictions as set forth in this IPS.
- To work directly with any investment consultant retained by the WCMF.

The Committee advises the Board in monitoring and managing all investments in the Fund. The assets are to be invested with prudent levels of risk and with the expectation that long-term total returns (yield plus capital appreciation) will preserve or increase the purchasing power of the Fund, net of all expenses.

Investment Consultant

An Investment Consultant may be retained by the WCMF and shall have the following responsibilities:

- To assist the WCMF in strategic planning for the Fund. This includes providing assistance in developing an investment policy, asset allocation strategy, and investment manager structure;
- To provide to the WCMF quarterly performance measurement reports on each of the investment managers and to assist the WCMF in interpreting the results;
- To act as a liaison between investment managers and the Fund, and thereby facilitate the communication of important information in the management of the Fund;
- Such other duties as may be mutually agreed to;
- The Committee shall periodically evaluate the Investment Consultant.

Investment Managers

Each investment manager is expected to manage the assets of the Fund in a manner consistent with the investment objectives, guidelines, and constraints outlined in this statement and in accordance with applicable laws. In order to achieve diversification as described in the IPS, to keep expenses low and to benefit from market efficiencies and inefficiencies, the Committee may utilize a blend of actively managed funds and passively managed index funds.

Guidelines and Investment Policy

Risk Tolerance and Time Horizon

Generally accepted investment theory and historical capital market return data suggest that, over long periods of time, there is a relationship between the level of risk assumed and the level of return that can be expected in an investment program. In general, higher risk as measured by standard deviation of returns is associated with higher return.

Given this relationship between risk and return, the WCMF has determined that it has both the financial ability and the willingness to accept short-term market risks in exchange for long-term gains with respect to the long-term time horizon nature of portions of the Fund. Those funds with an investment horizon of two years or less shall only be invested in cash or cash equivalents.

Asset Class Preferences and Restrictions

The objective for the Fund is an overall long-term capital appreciation strategy in line with the return objectives and risk parameters stated in this IPS. The mix of assets should be generally maintained as follows (percentages are of the market value of the Fund):

Asset Allocation Policy

Aside from the “Cash” asset allocation model, cash as an asset class should only be considered insofar as it is needed to maintain the liquidity of the Fund for operating expenses. The Fund should be fully invested at all times. When the WCMF is investing to meet a known liability that will occur in two years or less, Cash shall be the only asset class used for that specific purpose. Cash is considered to be bank savings accounts, demand deposit accounts, certificates of deposit, money market mutual funds, the investment grade debt securities of US domestic corporations, the US Government, its Agencies, or the Cash Allocation account as managed by the WCMF. In no event shall the maturities of any Cash investment be longer than two years from the time the investment is made. Deposits in banks, savings and loans, and credit unions shall not exceed the Federal insurance limit for accounts in those institutions.

In general, “value” funds have characteristics that include low forecasted price-earnings ratios, low price-book ratios, and higher dividend yields.

“Growth” funds have high forecasted sales growth, high return on equity and low dividend payout.

Large cap funds generally hold the common stock of companies with a market capitalization of greater than \$7 billion.

Small/Mid cap funds generally hold common stock of companies with a market capitalization of greater than \$1 billion but less than \$7 billion.

International funds consist of equity securities from developed countries throughout the world, but generally excluding those of companies based in the United States.

Domestic Fixed Income funds are the debt securities of US based corporations and the US Government and its agencies.

Real Estate is considered ownership of real property through Real Estate Investment Trusts.

Rebalancing

Rebalancing of the portfolio should take place whenever the target allocations exceed or fall short of targets by the standard deviation of the asset class. Rebalancing should be achieved by adding to or taking from an asset class one-half the amount that asset class is under or over the target allocation.

Performance Expectations

The WCMF will monitor the performance of the Fund on a quarterly basis. The WCMF will evaluate each investment manager’s contribution toward meeting the investment objectives outlined below over a three- to five-year time period, unless otherwise noted. An investment manager may be considered for termination if that manager’s performance falls significantly below its stated benchmark for four successive quarters, or if significant qualitative changes occur such as:

- Changes in key personnel;
- Changes in investment philosophy;
- Changes in organizational structure;
- It becomes the subject of a criminal investigation;

Changes, relative to peers, in its fee structure;

If the performance remains below expectations or if the qualitative concerns remain unresolved, or for other reasons the WCMF deems important, the manager may be considered for termination.

When measured against their peer group universe, managers should achieve total annual returns that rank them at or above the 50th percentile for past three, five and ten year periods. A list of asset classes and their respective indexes follows:

Asset Class	Comparative Index
US Equities	KLD Select Social Index Fund
International Equity	MSCI EAFE
Domestic Fixed income	Barclay's Capital

Performance reports shall be made by managers at least quarterly. Reports shall be in compliance with standards set by the CFA Institute.

Spending Policy

It is the intention of the WCMF to distribute each year an amount not to exceed 5% of the "Endowment" asset allocation model as measured by averaging the balance of the Endowment at the end of each of the twelve previous calendar quarters. Distributions generated by those assets held in a total income unitrust arrangement shall be not less than the statutory minimum three percent (3%) and not more than the statutory maximum five percent (5%) of the trust value, as measured by averaging the balance of the particular trust at the end of each of the twelve previous calendar quarters. The spending policy will be reviewed and the yearly distribution percentage shall be determined at the first meeting of each year of the Directors of the Wyoming Catholic Ministries Foundation. The distribution percentage is subject to review and modification at any subsequent quarterly and/or special meeting of the Directors to assure that the overall investment objectives of maximizing the benefits intended by the donors are being met over time.

Securities Guidelines

In the event that a privately managed account is used to fulfill the asset allocation mandates, the following guidelines, in addition to those already mentioned and attached to this policy in the form of the USCCB WCMF document, will apply:

Domestic Securities

The securities purchased shall be registered with the Securities and Exchange Commission, and traded on a recognized U.S. stock exchange or over-the-counter-market.

Equity securities include: common stocks, REITs, and securities convertible into common stock of U.S.-based companies.

Fixed income securities include: Domestic fixed and variable rate bonds and notes issued by the U.S. Government and its Agencies, U.S. corporations, Yankee bonds and notes (bonds or notes issued by non-U.S. based corporations and governments but traded in the U.S.), securitized mortgages (e.g. GNMA's, FNMA's, FHLMC's), collateralized mortgage obligations, asset-backed securities, taxable municipal bonds, and preferred stock. Private placement "144A" issues are prohibited.

International Securities

Allowable international securities are: sponsored and unsponsored American Depositary Receipts (ADR's) or American Depositary Shares (ADS's) or other depositary securities of non-U.S. based companies traded in the U.S. and closed-end country funds. Equities of foreign domiciled companies that are traded in the U.S. may also be purchased so long as the securities are registered (or filed) with the Securities and Exchange Commission and traded on a recognized national exchange or over-the-counter market.

Each investment manager must meet certain minimum criteria:

- Qualify as an investment advisor, investment company, bank or insurance company under the Registered Investment Advisor Act of 1940.
- Be operating in good standing with regulators and have no material legal actions pending.
- Provide the history of the firm, its investment philosophy and approach, its principals, clients, locations, fees and other relevant information via prospectus or form ADV part II.
- Demonstrate adherence to the stated fund investment objective.
- Provide all performance, holdings, and other detailed information on an accurate and timely basis.

Selection of Investment Funds

The following criteria are meant to be used collectively as a basis for selecting the specific investment funds within the Plan. While one parameter may hold more importance over another, it is not the intent to have an individual criteria act as the sole basis of the selection decision. The WCMF recognizes that prevailing market conditions may cause slight variations in the prioritization and weighting characteristics. Within a specific asset class the parameters will be compared to peers and appropriate benchmarks where applicable.

When choosing the individual investment manager for the Fund, each option should be evaluated for the following parameters:

- *Track record:* The fund should have a minimum three year history.
- *Assets in the fund:* The fund should have at least \$75 million under management (total across all share classes).
- *Stability of the organization:* The portfolio manager should have at least a two-year tenure.
- In a management team setting, the most senior manager's tenure should be at least two years.
- *Composition consistent with asset class:* A minimum of 80% of the fund's securities should be consistent with the peer group's asset class.
- *Style consistency:* The fund's category and current style box should be the same.
- *Expense ratio/fees relative to peers:* The expense ratio for the fund should be above the bottom quartile (most expensive) of the peer group.
- *Risk-adjusted performance relative to peers:* The fund's Alpha and Sharpe Ratio should be above the peer group's median.
- *Performance relative to peers:* The fund's 1-, 3- and 5-year trailing performance should be above the peer group's median. (The exception is the fund that does not have a five-year track record.)

Managers will be selected by the WCMF in conjunction with advice from the Consultant. Managers serve at will and can be released upon 30 days notice.

Socially Responsible Investment Criteria

The investment affairs of the WCMF and Affiliates shall be conducted in a manner consistent with the social, ethical and moral teachings of the Catholic Church.

In following the guidelines established by the USCCB, as amended in November, 2003, the WCMF investment policy covers the following areas of specific concern:

1. Protecting Human Life
2. Promoting Human Dignity
3. Reducing Military Weapons Production
4. Pursuing Economic Justice
5. Protecting The Environment
6. Encouraging Corporate Responsibility

The WCMF and Affiliates have a sincere desire to work for a more just society and more peaceful world through careful stewardship of its assets. The WCMF and Affiliates do not want investments to support the specific areas of concern, but realize that investments that have some indirect support are unavoidable. Investment managers retained by the WCMF and Affiliates understand that they have a fiduciary responsibility to manage the assets for the sole benefit of the WCMF and Affiliates. The WCMF and Affiliates will periodically review the investments and will, if necessary, take action if it is judged that a manager is purposefully ignoring any of the concerns outlined above. Realizing that the implementation of its social concerns can be complex and may sometimes involve areas of compromise, the WCMF and Affiliates and the investment managers will put forth their best effort in balancing their fiduciary financial oversight with their social concerns.

Lacking sufficient in-house staff and resource availability, the WCMF and Affiliates will rely upon the expertise of their investment advisors and managers to utilize available research to monitor companies' compliance with their concerns.

Investment managers will vote all proxies on behalf of the WCMF and Affiliates in agreement with the above specific concerns and will support management and shareholder resolutions on policies in accord with those concerns and oppose those in conflict. Any questions regarding proper voting of resolutions should be directed to the WCMF for guidance.

1. Protecting Human Life – Human life is sacred because from its beginning it involves “the creative action of God” and it remains forever in a special relationship with the Creator, who is its sole end. God alone is the Lord of life from its beginning until its end. No one can, in any circumstance, claim for himself the right to destroy directly an innocent human being.
 - a. Abortion – The investment policy of the WCMF and Affiliates is the absolute exclusion of investment in companies whose activities include direct participation in abortion.
 - b. Contraceptives – In view of the Church’s clear teaching on the immorality of contraceptive intercourse, the WCMF and Affiliates will not invest in companies that manufacture contraceptives.
 - c. Embryonic Stem Cell/Human Cloning – The WCMF and Affiliates will not invest in companies that engage in scientific research on human fetuses or embryos that:
 - 1) results in the end of pre-natal human life;
 - 2) makes use of tissue derived from abortions or other life-ending activities; or
 - 3) violates the dignity of a developing person
2. Promoting Human Dignity – Forms of social or cultural discrimination in basic personal rights on the grounds of sex, race, color, social conditions, language or religion must be curbed and eradicated as incompatible with God’s design. Discrimination in job opportunities or income levels based on these grounds or other arbitrary standards can never be justified or reconciled with the truth that God has created all people with equal rights and equal dignity and our call to be children of the same Father. Therefore, the WCMF and Affiliates, in carrying out their investment policy, will promote companies and resolutions which direct their efforts, products and services towards the protection of human rights, especially in the following areas of concern:
 - a. Race Discrimination
 - b. Gender Discrimination
 - c. Access to life sustaining drugs
 - d. Pornography – The WCMF and Affiliates will not invest in a company that derives 1% or more of its revenues from products or services intended exclusively to appeal to a prurient interest in sex or to incite sexual excitement. These would include, but not be limited to, sexually explicit films, videos, publications, and software; topless bars and strip clubs; and sexually oriented telephone and internet services.
 - e. Tobacco – The WCMF and Affiliates will not invest in a company engaged in the production of tobacco products where revenues from such activities are 10% or more.
3. Reducing Military Weapons Production – The arms race is an utterly treacherous trap for humanity, and one which injures the poor to an intolerable degree. We do not perceive any situation in which the deliberate initiation of nuclear warfare, on however restricted a scale, can be morally justified.
 - a. Mass Destruction Weapons – Avoidance of firms which derive 5% or more of total revenues from the production or development of weapons inconsistent with Catholic teaching on war (e.g. biological and chemical weapons, arms designed or regarded as first-strike nuclear weapons, and indiscriminate weapons of mass destruction, etc.)
 - b. Anti-personnel Landmines – Avoidance of firms involved in the manufacture, sale or use of anti-personnel landmines.
4. Pursuing Economic Justice – If the dignity of work is to be protected, then the basic rights of workers must be respected – the right to productive work, to decent and fair wages, to organize and join unions, to private property and to economic initiative.

- a. Work Conditions – The WCMF and Affiliates will support corporate and shareholder resolutions directed towards improvement in working conditions (avoidance of sweatshops in the manufacture of goods), equal and just wage and benefit policies, and adequate worker safety guidelines.
 - b. Affordable Housing – The WCMF and Affiliates will utilize and invest in financial and credit institutions which show a positive performance under the Community Reinvestment Act and will encourage a responsible and sensitive lending policy on the part of those financial institutions.
5. Protecting the Environment - Our tradition calls us to protect the life and dignity of the human person, and it is increasingly clear that this task cannot be separated from the care and defense of all creation. We must seek a society where economic life and environmental commitment work together to protect and enhance life on this planet. We ask business leaders and representatives of workers to make the protection of our common environment a central concern in their daily activities and to collaborate for the common good and protection of the earth. The WCMF and Affiliates will invest in companies and support resolutions which act to preserve the planet's ecological heritage, create environmentally sensitive technologies, and undertake reasonable and effective initiatives for energy conservation and the development of renewable and clean energy resources. Companies who are known or recognized to flagrantly ignore these concerns will be avoided.
6. Encouraging Corporate Responsibility – The private and public sectors must be not only an engine of growth and productivity, but also a reflection of our values and priorities, a contributor to the common good. Ethical responsibility is not just avoiding evil, but doing right, especially for the weak and vulnerable. Decisions about products services and the use of capital have moral implications. The WCMF and Affiliates will encourage companies to report on social and environmental, as well as financial, performance and we will support shareholder resolutions directed towards adoption of corporate social responsibility guidelines within those companies.

Control Procedures

Prudence – The standard of prudence to be applied to the WCMF, staff and external service providers shall be that established for a prudent investor and as defined in Wyoming Statute 17-7-204. In the administration of the powers to appropriate appreciation, to make and retain investments and to delegate investment management of institutional funds, members of the Board shall exercise ordinary business care and prudence under the facts and circumstances prevailing at the time of the action or decision. In so doing the Board shall consider long and short term needs of the fund in carrying out its purposes, its present and anticipated financial requirements, expected total return on its investments, price level trend and general economic conditions.

Conflict of interest - The WCMF, staff, managers and advisors shall refrain from personal business activity that could conflict with proper execution and management Fund and its objectives, or that could impair their ability to make impartial decisions. Potential conflicts of interest must be declared by Board members, staff, managers and advisors.

It is understood that this investment policy is to be reviewed periodically by the WCMF Board of Directors to determine if any revisions are warranted by changing circumstances. Should the Board permit a deviation from this policy or implement a change in policy, the circumstances and rationale for the change shall be documented and attached to this investment policy.

President, Wyoming Catholic Ministries Foundation

Treasurer, Wyoming Catholic Ministries Foundation

Secretary, Wyoming Catholic Ministries Foundation