

Annual Investment Report

For the year ended December 31, 2024

Rest assured that your gifts will be invested and managed in a professional and morally responsible way. Your partnership with us ensures a promising future for the Church and the causes that matter to you most.

To Our Partners:

The Catholic Foundation investment portfolio generated a 11.55% return for calendar year 2024. This was the fifth year out of the last six that the portfolio generated double-digit positive returns (2022 was the exception.)

The following report provides comments from our investment adviser, Innovest Portfolio Solutions, LLC, and includes an analysis of our performance, risk, return, and asset allocation. For your convenience, we have included a glossary and listed our Investment Committee members, investment advisers, and The Catholic Foundation management team.

We started using Innovest effective February 6, 2016. In the nearly nine years ending December 31, 2024, an investment of \$1 nearly doubled – growing 98.25%. This is an average annual effective yield of 8.15%. Through adherence to the following main priorities for the portfolio, we have maintained a diverse portfolio with an appropriate level of risk:

- (1) Compliance with our *Morally Responsible Investment Policy*
- (2) Long-term growth for the benefit of the Church and its many ministries
- (3) Properly diversified to address market volatility in a responsible manner

Our goal continues to focus on partnering with you and ensuring that God's Kingdom is financially secure for generations to come.

We are very grateful for everyone who has partnered with us to help grow the Kingdom of God.

God bless you,



Deacon Steve Stemper
CEO & President

Investment Adviser's Analysis

Global markets continued to experience strong performance in 2024. Markets were largely shaped by a continuation of the investment themes that dominated 2023. The performance of U.S. large cap equities was driven by mega-cap tech stocks, and the so-called “magnificent 7” companies drove approximately 55% of the S&P 500’s 23% 2024 return. Although developed international stocks started the year well, economic uncertainty led to a 9.5% drawdown in the fourth quarter, constraining 2024 returns to a more meager 3.8%. Emerging markets experienced a similar drawdown in the fourth quarter but ended the year up 7.50%.

Attempting to maintain a careful balance between fostering economic growth and stabilizing prices, the Federal Reserve held a steady stance on rates for much of the year, finally pivoting during its September meeting to implement the first rate cut since 2020. This policy shift reflected confidence in moderating inflation and stable economic conditions. While long-term rate expectations continued to creep higher throughout 2024, the Bloomberg U.S. Aggregate Index, which tracks U.S. fixed income markets, posted a 1.25% return in 2024. Non-traditional asset classes such as real assets and private investments continue to be solid diversifiers and long-term return drivers for portfolios.

The total Foundation portfolio finished 2024 with a gain of 11.55% net of fees.

Equity managers all recorded positive performance in 2024. Broad Domestic Equity, International Developed Equity, and Emerging Market strategies generated strong returns. Broad Domestic Equity was the best performer within the equity portion of the portfolio. From a relative standpoint, most of the investment managers outperformed their underlying benchmarks.

The fixed income portion of the portfolio also generated positive returns in 2024, and all managers outperformed their respective benchmarks. Manager allocations in corporate credit, mortgage-backed securities, and duration positioning drove performance.

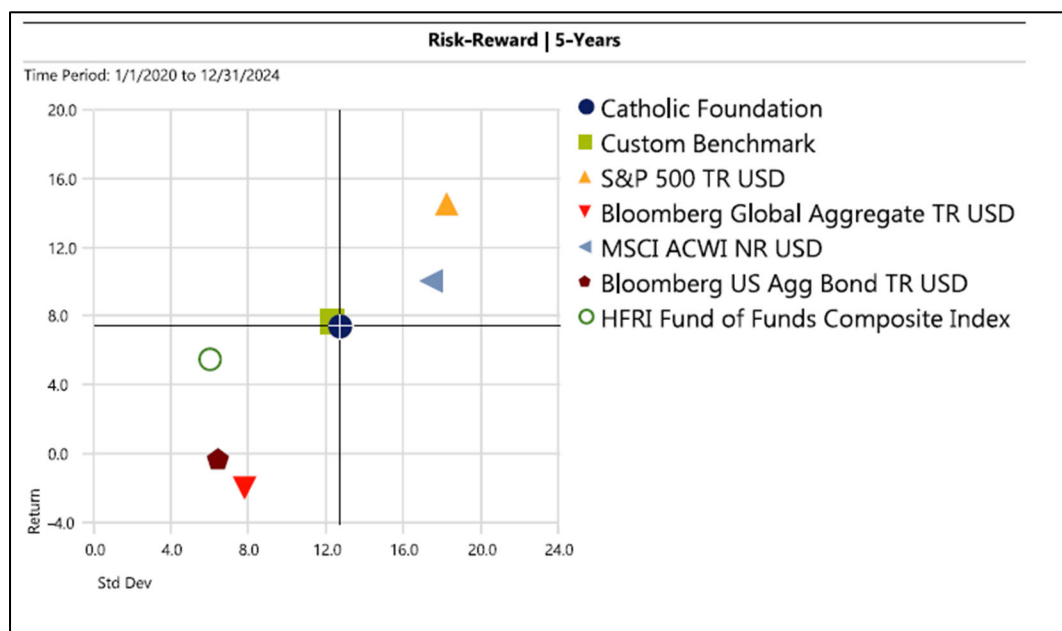
Real asset investments in the portfolio performed positively. Direct real estate holdings bounced back in 2024, driven by operational improvements and net appreciation, particularly within the fund’s apartment and industrials portfolios. Other real asset positions (i.e. timberland, farmland, and infrastructure) generated positive returns for the portfolio, driven by infrastructure equity and debt investments.

Alternatives generated robust performance for the year. Private equity allocations continue to add significant value to the portfolio via strong returns and diversification.

Total long-term Foundation portfolio performance, in relation to custom benchmarks, has been strong. Five- and ten-year annualized returns for the Foundation were 7.48% and 6.51% respectively. Since inception the Catholic Foundation portfolio has outperformed the custom benchmark by 0.09%.

Risk/Return Analysis: Past 5 Years

Risk/Return analysis shows that the Foundation has performed in-line with the custom benchmark, net of fees, over the last five years, while incurring the same amount of risk (standard deviation). The graph below shows risk on the horizontal axis and performance on the vertical axis:



Asset Allocation Analysis

Asset Class exposure remained in line with the Board of Trustee targets for the portfolio:

Asset Allocation			
	Lower Limit	Strategic Allocation	Upper Limit
Broad Domestic Equity	31.00%	34.00%	37.00%
International Equity	16.00%	19.00%	22.00%
Emerging Markets	3.00%	6.00%	9.00%
Domestic Fixed Income	12.00%	15.00%	18.00%
Real Estate	5.00%	8.00%	11.00%
Diversified Real Assets	4.00%	7.00%	10.00%
Private Equity	2.00%	5.00%	8.00%
Private Debt	2.00%	5.00%	8.00%
Cash & Equivalents	0.00%	1.00%	4.00%

Glossary of Asset-Class Definitions

- **Equities:** Broad domestic, global, international and emerging markets equities. Includes separate accounts, mutual and commingled funds for long-only equities, limited partnerships and mutual funds for long/short equities.
- **Domestic Fixed Income Securities:** Includes global bonds, international and emerging market debt. Separate accounts, mutual and commingled funds for long-only fixed income, limited partnerships and mutual funds for long/short, fixed income, treasuries, government agency securities, asset-backed securities, sovereign bonds, corporate bonds, non-agency securities, and derivatives.
- **Real Estate:** Includes real property, building and developments and REITs.
- **Other Real Assets:** Includes timberland, farmland, infrastructure, and midstream energy.
- **Alternatives:** Includes private equity, private debt, hedge funds, and commodities.
- **Cash:** Includes cash investments, cash equivalents, money markets, CDs and short-term treasuries.

2025 INVESTMENT COMMITTEE MEMBERS	
Jennifer Neppel, CFA, CCM <i>Chair and member of Board of Trustees Chief Investment Officer, Pinnacol Assurance</i>	Josh Langdon, CFP®, AAMS™, CRPC™ <i>Financial Advisor, Edward Jones</i>
Walt Coughlin <i>Executive Vice President, Coughlin and Co.</i>	Steve Paolucci <i>Founder and Principal, Paolucci Financial Services</i>
Brian Cleveringa <i>Partner, Eagle River Capital</i>	John Zimmerman, CFA <i>President, Ascent Private Capital Management of U.S. Bank</i>
Bob Lazzeri <i>Latigo Capital, LLC</i>	

INVESTMENT ADVISERS – Innovest Portfolio Solutions	
Rich Todd <i>Principal and CEO</i>	Wendy Dominguez, MBA <i>Principal and President</i>
Kristy LeGrande, MBA, CFA <i>Principal and Director</i>	Sloan Smith, MBA, CAIA, CPWA® <i>Principal and Director</i>

MANAGEMENT TEAM – The Catholic Foundation	
Deacon Steve Stemper <i>CEO & President</i> DeaconSteve@TheCatholicFoundation.com	Michelle Fehn <i>Chief Financial Officer</i> MFehn@TheCatholicFoundation.com

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