

Diocese of Marquette
Department of Administration & Finance
Diocesan Investment Pool Conference
Tuesday, June 16, 2020
4:00-6:00 p.m. ET (3:00-5:00PM CT)

1. Prayer and Introductions – *Tim Thomas*
2. Overview of Michigan Catholic Conference Investment Pool – *Tim Schab & Tim Thomas*
 - a. Asset Allocation
 - b. Managers' style
 - c. Board Oversight
 - d. Fees
 - e. Socially Responsible Investing
3. Update on Pool Activities – *Tim Schab*
4. Investment Performance – *Steve Schott & Kyle Campbell*
5. Q & A
 - All questions will be taken via the Zoom (video conferencing platform) “chat” feature during presentations. Individual questions will be answered at the end of the meeting, time permitting.

Newcomers interested in learning about investment opportunities through the pool are encouraged to attend! Parishes, schools, and endowment funds in the Diocese of Marquette are eligible to utilize the Investment Pool as a stewardship tool. We welcome all Pastors, Associate Pastors, Pastoral Coordinators, and Principals as well as Board, Council, & Committee Members interested in learning more about the Investment Pool. If you feel that others in your parish/school boards or councils would benefit from this information, please invite them to visit our website at dioceseofmarquette.org/finance for highlights from this year's conference.

DIOCESE OF MARQUETTE
DIOCESAN INVESTMENT POOL CONFERENCE
Tuesday, June 16, 2020 – 4:00 P.M. (ET)
Zoom Video Conference
VIDEO CONFERENCE INSTRUCTIONS

Please join the conference at least 3-10 minutes before the meeting start time.

Participants may join this meeting using one of the following methods:

- 1) For audio and video - Join from PC, Mac, Linux, iOS or Android (**Recommended**)
Save and copy the following link in your browser: <https://us02web.zoom.us/j/81450440677>
Participants will be prompted to enter the meeting ID number and password, included below:
Meeting ID: **814 5044 0677**
Password: **553237**
- 2) Participants may also access the meeting using iPhone one-tap (US Toll):
Dial +1 646 558 8656 and enter the meeting ID number when prompted.
Meeting ID: 814 5044 0677
Password: 553237
- 3) Participants may also access the meeting (audio only) using a land line telephone:
Dial: +1 646 558 8656 (US Toll)
Meeting ID: 814 5044 0677
Password: 553237

Although the Zoom platform is fairly straightforward to use, any attendees new to the process or attendees using a new device (computer, tablet, or smart phone) may contact the conference coordinator to schedule a test connection. It is recommended that test Zoom connections be scheduled at least 4 hours before the actual conference. These tests take approximately 5-15 minutes. The following will be done during the test:

1. Confirming that the ZOOM application has been installed correctly on the attendee's device.
2. Testing the microphone, speaker, and camera connections are working at both ends.
3. Familiarize the attendee with some basic buttons on the ZOOM desktop.

To install Zoom on your device:

On a computer Go to <http://zoom.us/download>
On a smartphone Go to app store and install the ZOOM app

To start ZOOM on the day/time of the meeting simply start ZOOM and choose join meeting and type in the Meeting # from above or click on: <https://us02web.zoom.us/j/81450440677>

The Zoom link will launch in a web browser and the meeting link will open. You will then have to input the meeting password (553237) to join the meeting. Once you have entered your meeting password, you will enter into a waiting room and you'll see a message on the screen alerting you that the host has been notified that you are in the waiting room.

While you are waiting in the waiting room, you'll have an opportunity to test your computer audio to ensure it is working properly. You can join the Zoom audio via your computer audio if you have a microphone and either internal or external speakers (most laptops have both). If you don't, there will be an option to join the audio via telephone and the numbers will be provided on the screen AFTER you are admitted to the meeting.

When you are first admitted to the meeting, you will be muted. You can unmute yourself and/or the host will have the ability to unmute you as well. While others are speaking, we appreciate everyone being on mute to mitigate possible background noise from your home or office environment.

If you run into any problems that day, please email me at imccauley@dioceseofmarquette.org for additional assistance.

**INVESTMENT POOL CONFERENCE MEETING
JUNE 16, 2020**



**NATIONAL
CATHOLIC**
INVESTMENT POOL

ABOUT MICHIGAN CATHOLIC CONFERENCE

ABOUT MCC

Founded in 1963, the Michigan Catholic Conference serves as the official voice of the Catholic Church in Michigan on matters of public policy. In addition, the Michigan Catholic Conference develops, coordinates, and manages programs that provide retirement benefits, health, dental, disability, and life insurance coverage for lay employees and clergy, as well as property and casualty coverage for the Church throughout Michigan.

MISSION STATEMENT

In communion with the Catholic Church and in accordance with Her teachings, Michigan Catholic Conference promotes a social order that respects human life and dignity and serves the common good through public policy advocacy and the administration of benefit and risk management services.

CORE VALUES

Michigan Catholic Conference believes in:

- Serving its Gospel-mandated mission of advocacy and service with dedication to integrity and excellence.
- Enriching the lives of the people of Michigan through the development and promotion of sound public policy.
- Offering health, safety, security and protection for those in the service of the Catholic Church and Her ministries through the administration of benefit and risk services.

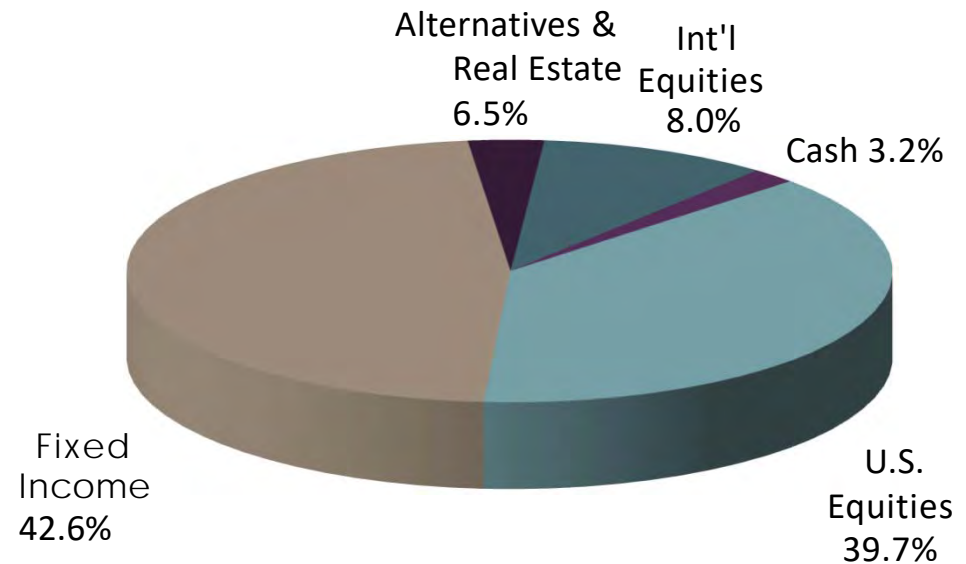




Pool Overview

POOL OVERVIEW | AS OF MAY 31, 2020

- Total Value: \$583 million
- Number of Participants: 25
- Number of Participant Accounts: 32
- # of Investment Options: 15
- Consultant: CAPTRUST
- Custodian: Northern Trust
- Auditor: Rehmann



OVERALL STRUCTURE AND OPERATIONS

- Investment Pool Structure
- Collective investment fund maintained by MCC, per Philanthropy Protection Act of 1995
- Monthly Accounting – to Participants
- Quarterly Reporting – full analysis
- Pool Participants Designate:
 - Number of funds
 - Asset allocation
 - Rebalancing strategy
 - Contributions and withdrawals

ONGOING MONITORING

Internal

- MCC Staff – monthly & quarterly reports, Northern Trust Global Passport System
- Committee of the MCC Pension Board
- Committees of the participating dioceses and entities
- Priest Retirement Investment Committee

External

- Annual Audit (Rehmann)
- Consultant (CAPTRUST) – manager evaluation, performance, SRI monitoring, Diocesan consulting
- Custodian (Northern Trust) – monthly accounting

POOL OVERVIEW | EQUITIES

U.S. Large Cap Equities

- LS Investment Advisors – S&P 500 SRI Screened Index Fund
- Diamond Hill Capital Mgmt– Active Value
- Wells Fargo Asset Mgmt – Active Growth
- LS Investment Advisors – S&P 500 Growth SRI Screened Index Fun

U.S. Mid/Small Cap Equities

- LS Investment Advisors – S&P 1000 SRI Screened Index Fund
- Palisade Capital Mgmt – Sm/Mid CapActive

International Equities

- RhumbLine Advisers – MSCI EAFE SRI Screened Index Fund
- Lazard Asset Mgmt – Active Developed Markets

POOL OVERVIEW | FIXED INCOME & ALTERNATIVE

Core Fixed Income

- Boyd Watterson Asset Mgmt

Intermediate Fixed Income

- Sawgrass Asset Management
- BlackRock Financial Mgmt

Short Term Fixed Income

- Boyd Watterson Asset Mgmt – 1-3 yr
- Northern Trust – Money Market

Alternative

GMO Benchmark-Free Allocation Fund

Real Estate

Boyd Watterson Asset Management GSA Fund

ESTIMATED COSTS

Estimated Investment Manager Fees

- Screened Index Funds – 6 to 7 basis points per year
- Active Equities – 33 to 75 basis points per year
- Fixed Income Accounts – 8 to 25 basis points per year

Northern Trust - Custody

- 3 basis points per year

Other

- MCC administration costs – \$500 per quarter includes accounting, audit and legal expenses
- Investment consulting, performance measurement and SRI monitoring – 6 basis points per year

Total All-In Cost

- Total all-in cost will be subject to:
 - Asset allocation
 - Use of active versus indexed equity strategies
- Marquette Investment Pool - Total Cost for 2019 - 36 basis points

NCIP SOCIALLY RESPONSIBLE INVESTING GUIDELINES

- *PRESERVE THE SACREDNESS OF HUMAN LIFE.* Companies that produce pharmaceuticals or products which are contraceptive, abortive and which damage the health of the mother or children act contrary to this principle and should be avoided.
- *ASSURE HUMAN RIGHTS THROUGH FAIR EMPLOYMENT PRACTICES, ESPECIALLY FOR MINORITIES AND WOMAN.* Companies that discriminate on the basis of race or sex, pay unjust wages, or do not allow just participation in the workplace, act contrary to this principle.
- *PROMOTE INTERNATIONAL JUSTICE, THE DEVELOPMENT OF PEOPLES, A JUST INTERNATIONAL ECONOMIC ORDER AND HUMAN RIGHTS.* Companies that exploit the workers or resources of poor countries, make poor peoples more dependent, or collaborate with repressive regimes, act contrary to this principle.
- *EXERCISE PRUDENT STEWARSHIP OF THE ENVIRONMENT AND NATURAL RESOURCES.* Companies that produce unsafe energy, pollute the environment and dispose of hazardous waste in a way that endangers life act contrary to this principle.

GUIDELINES ARE EXPANDED FURTHER TO SPECIFIC ISSUES

- **Abortion:** Absolute exclusion of investment in companies, whose activities include direct participation in abortion, including manufacture of abortifacient contraceptives..
- **Contraceptives:** No investment in companies that manufacture contraceptives or derive a significant portion of its revenue from the sale of contraceptives even if they do not manufacture them.
- **Stem Cell / Human Cloning:** No investment 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. This includes embryonic stem cell research, fetal tissue research or stem cell research derived from embryos, and human cloning. Considering that this field of research is dynamic and evolving, new forms of associated research or product development from such research will be evaluated on a case-by-case basis.
- **Discrimination:** Divestiture from those companies whose policies are found to be discriminatory against women and/or racial minorities.
- **Military Spending:** No investment in firms primarily engaged in weapons of mass destructions, biological or chemical, and antipersonnel landmines.
- **Banking:** No investment in banks that receive a less than satisfactory rating on the Community Reinvestment Act (CRA) audit. No investment in financial institutions that are involved with predatory lending.
- **Pornography:** No investment in companies that derive a significant portion of its revenue from products or serves intended exclusively to appeal to the prurient interest in sex or to incite sexual excitement.
- **Tobacco:** No investment in companies whose primary business is the manufacture of tobacco products.
- **Casinos:** Avoidance of investment in companies whose primary source of revenue is casino gambling.

DISCLOSURES

This presentation has been furnished for informational purposes only and does not constitute an offer to sell, a solicitation to buy, or a recommendation for any security or financial instrument, nor does it constitute an offer to provide investment advisory or other services.

This presentation is subject to and qualified by reference to the complete terms and conditions of the National Catholic Investment Pool Disclosure Statement and related governing documents, copies of which are available upon request from the Michigan Catholic Conference.

This presentation is confidential and proprietary to the Michigan Catholic Conference and may not be disclosed, reproduced or utilized for any purpose other than a Catholic organization's evaluation of participation in the National Catholic Investment Pool.