

MEMORANDUM TO ALL PARTICIPANTS IN THE ARCHDIOCESE OF LOS ANGELES INVESTMENT PROGRAM

To: All Current Participants in the Archdiocese of Los Angeles Investment Pool

From: Randolph E. Steiner, Chief Financial Officer

Date: November 9, 2022

The Archdiocese is providing this Memorandum and the Notice of Amendment to the Participant Confirming Agreement to all Participants in the Archdiocese of Los Angeles Investment Program (formerly known as the Investment Pool). The Amendment is effective on the date of this Memorandum.

The Amendment updates certain aspects of the Investment Program, including the renaming of the funds to the Fixed Income Portfolio and the Long Term Portfolio and a transition in the custodian of the funds in the Investment Program resulting from the acquisition of Union Bank by U.S. Bank.

In addition, this Memorandum outlines the investment objectives of the Portfolios.

The revised investment program will allow Participants to allocate their assets between the Fixed Income Portfolio and the Long Term Portfolio. The allocation between these two Portfolios is left to the discretion of the Participants, depending on their financial needs and objectives.

Fixed Income Portfolio

The Fixed Income Portfolio is for investment of funds committed to near-term operations, e.g. construction projects, renovations, etc.

Investment Objective:

Provide current income with low risk of fluctuation in principal value.

Produce a total fund investment rate of return over the long term (defined as at least a full market cycle, usually over 3-5 years) which exceeds the rate of return for Treasury Bills by at least 0.75% (annualized, net of fees).

In keeping with its purpose of liquidity, preservation and stability of principal, the asset allocation of the Fixed Income Portfolio is invested in a portfolio of fixed income securities with a maturity less than 2 years, with no individual security having a maturity greater than 5 years. The goal of the portfolio is to provide a modest incremental return over inflation and cash instruments.

Long Term Portfolio

The Long Term Portfolio is for long-term surplus funds including funds designated for endowment, perpetual care, future programs and capital improvement projects, etc. "Surplus funds" are those funds in excess of three (3) months of a location's total operating expenses.

Investment Objective:

Provide long term capital appreciation and an inflation hedge over the long term (defined as at least a full market cycle, usually over 3-5 years).

In keeping with its purpose of long-term capital appreciation, the assets of the Long Term Portfolio utilize a variety of asset classes including, but not limited to, U.S. public equities, Non-U.S. public equities, and fixed income.

New Custodial Bank

Union Bank has been acquired by U.S. Bank. As a result of the acquisition, the custodian bank for the Portfolios and for the funds in the Archdiocese's two existing pension trusts is now U. S. Bank.