

Diocese of Fall River
Investment Policy Statement
Approved June 2017
Latest Amendment January 2023

Purpose of the Investment Policy Statement

The Investment Policy Statement defines investment objectives, risk tolerances and the desired mix of assets for the collective group of endowment and pension accounts managed on behalf of the Diocese of Fall River, hereafter referred to as the “portfolio”. It serves as a key governance tool for the Investment Committee and investment managers, including procedures for monitoring and control. The policies detailed will be reviewed on at least an annual basis by the Investment Committee and amended as deemed appropriate with the approval of the Archdiocese Finance Council.

Purpose and Objective of the Investment Committee

The Investment Committee is responsible for the broad oversight of all the various funds, of whatever nature and for whatever purpose maintained, of the Diocese. It will recommend investment policies and an overall target asset allocation for consideration and approval by the Finance Council. The Investment Committee shall select and monitor investment managers as deemed appropriate to achieve the desired investment objectives in alignment with the values of the Catholic faith. It will monitor and assess absolute and relative performance of the selected investment strategies along with the appropriateness of the associated costs and fees. The Investment Committee will review asset allocation targets and benchmarks on at least an annual basis. It shall provide an update on portfolio assets and report on investment manager changes to the Finance Council on an annual basis. The Investment Committee shall consist of at least one Member of the Finance Council and shall have members with proven investment credentials and/or general business experience.

The Investment Committee shall be thoughtful and faithful about being good stewards of the funds entrusted to the Diocese. “His master said to him, “Well done good and faithful servant. You have been faithful over a little; I will set you over much. Enter into the joy of your master.” ” Matthew 25:23

Investment Objectives

Assets will be managed with a focus on total investment return, balancing the dual objectives of supporting a portion of spending for the Diocese current operations, while investing for long-term growth and preservation of purchasing power relative to inflation. Investment strategies will exclude companies focused on producing products or services deemed to be inconsistent with the values of the Catholic faith. The need for current income is guided by the spending policy target of 4% of the trailing 12 quarter (3 year) average total market value of the portfolio.

Time Horizon

Assets will be managed with a perpetual time horizon, taking into account the need for current income and liquidity to satisfy the stated spending policy.

Risk Tolerance

Given the perpetual time horizon of the portfolio, a mix of stable assets along with securities with varying degrees of volatility is reasonable and acceptable to achieve desired investment returns. Risk will be managed through prudent diversification of assets and the regular review and oversight of investment managers and strategies. Adequate liquidity will be maintained in the portfolio to ensure that spending requirements may be met without disruption to the long-term investment strategy.

Asset Allocation and Benchmarks

The following asset classes and allowable ranges have been determined to be the most appropriate overall mix of investments to meet the performance expectations of the portfolio, while taking into consideration appropriate risk tolerances and liquidity considerations. Each asset class will be assigned a benchmark which reflects the neutral (index) market return associated with that asset class. Benchmarks will be approved by the Investment Committee and reviewed on at least an annual basis.

Proper portfolio oversight calls for adhering to the allowable asset allocation ranges and rebalancing the portfolio as necessary, however the asset mix may at times fall outside of these ranges due to cash flows and meaningful market movements. In the absence of these circumstances, the goal should be for assets to be allocated within allowable ranges and rebalancing to occur within a reasonable time period.

Asset Class	Target	Range	Benchmark
Cash & Cash Equivalents			3 month U.S. Treasury Bill
Equities			S&P 500
U.S. Equities	Targets and ranges are set for each fund. Please see investment manager appendices for targets and ranges for each fund under management		S&P 500
International Equities			MSCI EAFE
Emerging market Equities			MSCI Emerging Markets
Fixed Income			Barclays Aggregate Index
U.S. Fixed Income			Barclays Aggregate Index
Non-U.S. Fixed Income			Citi WGBI USD
Alternative Investments			

Investment Restrictions and Socially Responsible Guidelines

The Diocese of Fall River follows the United States Conference of Catholic Bishops (USCCB) guidelines for faithful, competent and socially responsible stewardship in the management of its financial resources. The principles employed in the management of investment assets seek to 1) avoid investment in companies whose products and/or policies are counter to the values of Catholic moral teachings; 2) use shareholder rights for social stewardship; and 3) to promote the common good.

Investment managers employed by the Diocese are expected to follow the USCCB Investment Policies. A detailed description of policy considerations is included in the attached Appendix.

Should an investment manager have difficulty interpreting whether a security is acceptable for purchase, a written inquiry should be provided to the Chair of the Investment Committee for consideration prior to purchase.

Proxy Voting / Shareholder Advocacy Guidelines

The Diocese recognizes the importance of exercising shareholder rights by voting company proxies in a manner that is consistent with the morals and values of the Catholic faith. Investment managers shall vote company proxies on behalf of the Diocese of Fall River with business and corporate governance matters voted in a manner consistent with the investment managers' like accounts and best practices. With respect to proxy votes relating to social issues, human rights and environmental considerations included in the attached Appendix, investment managers are asked to vote proxies on behalf of the Diocese in a manner consistent with the U.S. Conference of Catholic Bishops' guidance.

Asset Class Descriptions and Guidelines

Equities

The role of U.S. equities in the portfolio is to generate returns in excess of inflation over the long-term along with a reasonable degree of dividend income. International and emerging markets equities may be included to serve a similar purpose, with an added degree of diversification.

Equity managers will follow the stated mandate guidelines as provided by the Investment Committee with respect to market cap, geography and style. Investments may be held in separately managed accounts (SMAs) or through commingled funds (e.g.ETFs, mutual funds.) No individual security will represent more than 5% of a given equity mandate (at time of purchase) with the exception of pooled funds, ETFs or mutual funds.

Fixed Income

US government bonds are included in the portfolio to provide interest income and portfolio diversification as well as a hedge against a sustained decline in interest rates. Corporate, agency and mortgage-backed bonds may be included to provide additional

interest income as well as diversification benefits. Treasury Inflation Protected Securities (TIPS) may also be employed for interest income as well as to mitigate against an unexpected rise in inflation.

Fixed income managers will follow the stated mandate guidelines as provided by the Investment Committee including, but not limited to, security type and credit quality. Bond investments made in separately managed accounts will be of investment grade credit rating at the time of purchase (at least BBB- by S&P or Baa3 by Moodys); in the event of a split rating the highest rating shall prevail. No individual bond will represent more than 5% of a given fixed income mandate (at time of purchase) with the exception of U.S. Treasury bonds, pooled funds, ETFs or mutual funds. Investments in high yield or non-U.S. bonds will be permitted in pooled funds only.

Cash

An allocation to cash provides portfolio liquidity and some degree of downside protection.

Other Alternatives

Other investment alternatives may be utilized from time to time as deemed appropriate by the Investment Committee such as, but not limited to, real estate investment trusts (REITs), master limited partnerships (MLPs), closed end funds and pooled commodities funds to provide further diversification to the portfolio and to serve as an inflation hedge. Investments utilizing leverage or derivatives will be permitted in pooled funds (including hedge funds) only. Illiquid investments such as private equity and venture capital limited partnerships will not be made under the terms of this Investment Policy Statement.

Investment Manager Selection and Monitoring Criteria

Investment managers will be selected and monitored by the Investment Committee. The criteria for this process will include, but is not limited to, the following.

- Investment philosophy and process
- Investment performance (net of fees) measured against an appropriate benchmark index and a peer universe as applicable over various time periods
- Adherence to stated investment objective and style
- Fee levels relative to peers and alternative options
- Timely and accurate reporting to the Investment Committee
- Portfolio manager and team tenure and stability
- Organizational stability and reputation
- Adherence to applicable laws and ethical standards

Members of the Investment Committee employed by, or with other personal or professional relationships with, investment managers utilized in the portfolio shall recuse themselves from decisions relating to the manager.

Review and Modification of the Investment Policy Statement

The Investment Committee shall administer the investment policies and review the Investment Policy Statement from time to time to determine whether modifications are necessary or desirable. The asset allocation and allowable ranges will be reviewed on at least an annual basis to ensure that they continue to serve the desired purpose. All objectives and policies set forth herein shall continue in effect until modified by the Investment Committee and approved by the Diocesan Finance Council.

Adoption and Approval

The Diocesan Finance Council approved the Investment Policy Statement on June 22, 2017.

The Diocesan Investment Committee approved the amendments to this IPS on January 28, 2023.

Approved by:

Kevin Kiley, Chancellor and Chief Financial Officer
Roman Catholic Bishop of Fall River

Date

Sandra Sevigney, Investment Committee Chair
Roman Catholic Bishop of Fall River

Date

By signing below the investment advisor attests to the fact that you have reviewed the IPS and will manage the Diocesan funds under your control in accordance with the IPS and with respect to proxy votes relating to social issues, human rights and environmental considerations included in the attached Appendix, investment managers have voted proxies on behalf of the Diocese in a manner consistent with the U.S. Conference of Catholic Bishops’ guidance.

Investment Advisor

Date