

Quarterly update for the second quarter of 2023 (April, May, June)

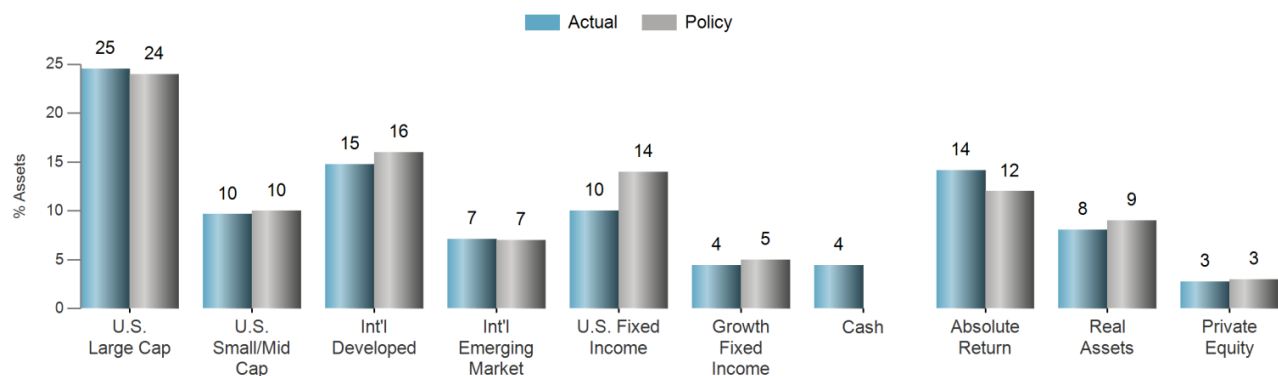
### Annualized Performance

Portfolio	Market Value	1 Year (%)	3 Year (%)	5 Year (%)	Since Inception (%)	Inception Date
<b>Catholic Foundation</b>	<b>143,018,230</b>	<b>9.7</b>	<b>7.3</b>	<b>6.1</b>	<b>5.9</b>	<b>Apr-13</b>
<i>Growth</i>	<i>112,878,158</i>	<i>10.2</i>	<i>7.7</i>	<i>6.4</i>	<i>6.5</i>	<i>Jan-13</i>
<i>Moderate</i>	<i>27,142,807</i>	<i>8.7</i>	<i>6.1</i>	<i>5.5</i>	<i>5.1</i>	<i>Apr-13</i>
<i>Conservative</i>	<i>2,997,265</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>9.9</i>	<i>Sep-22</i>

Performance in the table above is net of investment fees

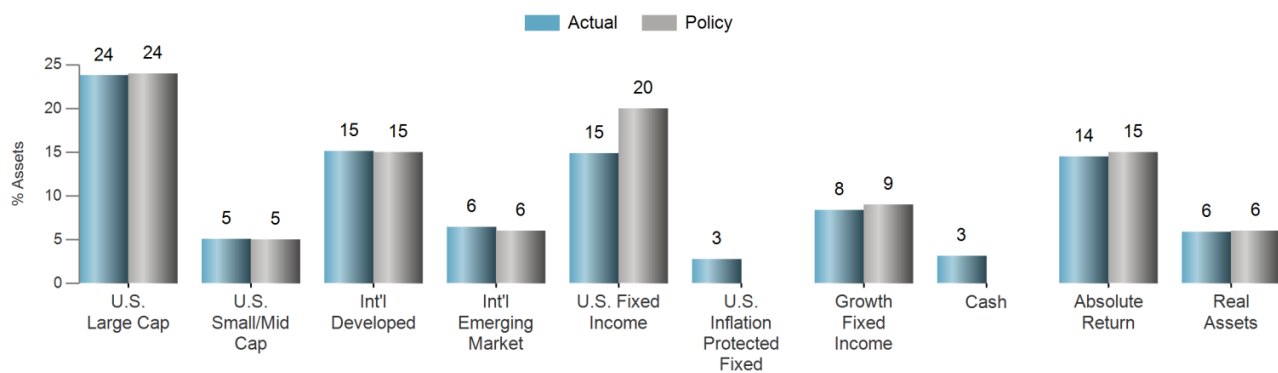
### Growth Portfolio (Designated Funds)

#### Actual vs. Policy Asset Allocation as of 6/30/2023



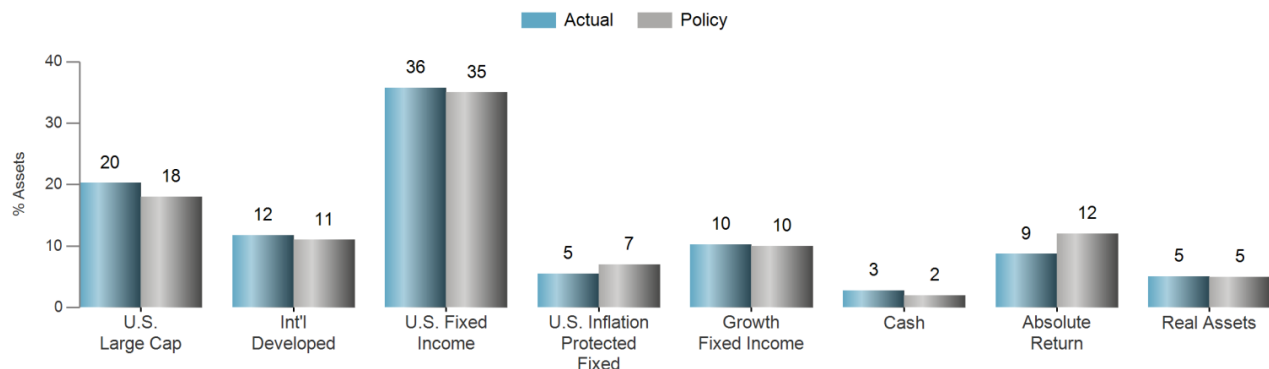
### Moderate Allocation (10-Year Agency Trust Accounts)

#### Actual vs. Policy Asset Allocation as of 6/30/2023



## Conservative (Temporary Trusts)

### Actual vs. Policy Asset Allocation as of 6/30/2023



Percentages may not add to 100% due to rounding.

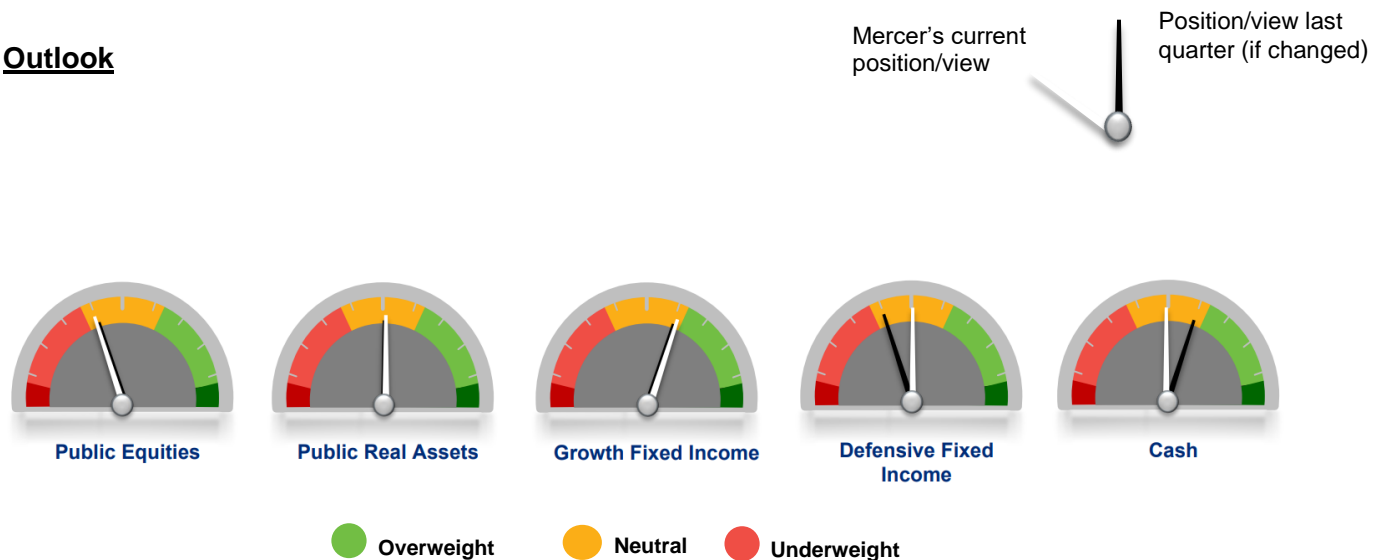
## Market Recap

- Global equities posted gains during Q2, with the MSCI ACWI index rising 6.2% (+13.9% YTD). The S&P 500 gained 8.7% during the quarter, and it is now up 16.9% in 2023. Large-caps outperformed small-caps during Q2 and year-to-date. Growth stocks outperformed value stocks during the quarter. Large-cap growth has been the best performing style segment in 2023. Mega-cap tech stocks performed particularly well during Q2. International developed stocks gained 3.0% in Q2, bringing their 2023 gains to 11.7%. Emerging market equities rose 0.9% in Q2, and have gained 4.9% year-to-date. The Bloomberg Aggregate Index declined 0.8% during the quarter. Treasuries declined 1.4%, lagging corporate bonds which fell 0.3%. The yield curve shifted higher during the quarter, with longer-term yields near their levels at the start of 2023.
- Year-to-date, US markets have seen significant outperformance following last year's drawdowns. As a result, stock market concentration is again reaching all-time highs. While 2023 is not unique, the dispersion between the market-weighted versus equal-weighted Index has grown. Even though stock market concentration has normally moved between the high teens to mid 20s over the past three decades, there has been a shift in industry concentration. Despite sluggish growth, investor sentiment surrounding artificial intelligence (AI), combined with the Federal Reserve pausing additional rate hikes has investors snatching up shares in big tech. Further, recent layoffs and a move towards efficiency among some of tech's more widely followed leaders is positive news for investors.
- The bank failures of 2023 have largely represented idiosyncratic risks rather than a systemic crisis. These closures have exacerbated deposit flows and increased risk aversion for smaller, more concentrated institutions, and at the end of April, First Republic became the largest lender by assets to fail since Washington Mutual in 2008, superseding Silicon Valley Bank. First Republic's closure, however, went relatively smoothly with its sale to JPMorgan on May 1<sup>st</sup>.
- The yield curve rose during the second quarter, and while the FOMC paused rate hikes in June, communications suggest future rate hikes by year-end. Markets have reacted to the evolving guidance and recent economic data by pushing the first rate cuts into 2024. The

path of rates remains very data dependent, and until recently, the Fed Funds rate was below year-over-year inflation, implying a negative real rate. Rates are now expected to hold or increase as inflation continues to decline which will increase real funding rates.

- While the recent bank stress has drawn the attention of central bankers, they remain focused on inflation. So far, the pandemic inflation shock has moved through durable goods, and with manufacturing slowing, it is unlikely that the trend should shift quickly. Home prices have similarly moderated, but due to the nature of the CPI calculation with owners' equivalent rent, core CPI is likely to remain elevated until the lagged effects play through. The main focus for central bankers remains on the jobs market, and in particular, wage growth which could result in more enduring inflation. Recent jobs reports suggest a strong and tight labor market, but off the boil of last year. While there has been a rash of headline layoff from tech companies, discharges remain relatively low and concentrated.

## Outlook



### Public Equities

- The macro outlook remains uncertain as central banks maintain their hawkish stances. Strong equity returns in the first half of 2023 have worsened valuations. We maintain a view on the underweight side of neutral as we currently prefer the risk-to-reward of growth fixed income.

### Public Real Assets

- While we find the inflation sensitivity of real assets attractive, the uncertain macro outlook contributed to our neutral view.

### **Growth Fixed Income**

- We believe yields are relatively attractive. Emerging market currencies also stand to benefit from weakness in the dollar. We maintain a modest overweight view toward growth fixed income.

### **Defensive Fixed Income**

- Yields rose during the quarter, improving the attractiveness of defensive fixed income. We have shifted back to neutral positioning from being slightly underweight and leveled our views between defensive fixed income and cash, removing our bias toward shorter duration.

### **Cash**

- We have downgraded our cash view to neutral. Dry powder remains attractive, but we are modestly adding duration through defensive fixed income