

Investment Policy Statement
for
Our Lady of Mt. Carmel Church

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I. Introduction

Purpose of Investment Policy Statement

The purpose of this Investment Policy Statement ("the Policy") is to record the investment objectives and investment policies for the Our Lady of Mt. Carmel (OLMC) Charitable Trust Fund (Trust) as well as the Savings, Building Fund and Emergency Accounts. It is intended to assist the OLMC Investment Committee ("the Committee"), a sub committee of the Finance Council, in meeting their fiduciary obligations by:

- Making a clear distinction between the responsibilities of OLMC, the Committee, the investment managers (currently Merrill Lynch).
- Establishing a framework for the selection, monitoring, and evaluation of OLMC's investment options. The Committee is relieved of liability as provided in that section.

This statement is an outline of the Committee's general investment policies and intended to supersede any earlier statement(s) of investment policies and objectives effective with the date this statement is executed.

The Committee will review this Policy annually and revise as necessary to ensure it adequately reflects changes related to the Trust.

Statement of Intent

In accordance with their responsibility, investment decisions of the Committee will be made solely in the interest of OLMC and for the exclusive purpose of generating total return performance on the portfolio while defraying the reasonable cost of administration. It is the intent of the Committee that its members shall perform their duties with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims.

Trust Objective

The Trust was established to provide preservation of the asset base with secondary objectives of generating investment income and capital appreciation for this specific pool of assets. This portfolio is to be diversified and structured so that the investments shall be of a nature to reflect the social and moral teachings of the Catholic Church.

Annually, the Trust will distribute an amount equal to 4% of the average principal balance of the Trust for the preceding three years, not to exceed current year fiscal income.

Social Responsibility Guidelines

When investing, prefer investments which reflect high moral standards and a sense of social responsibility which are consistent with the United States Conference of Catholic Bishops (USCCB) guidelines.

II. Statement of Responsibilities

Our Lady of Mt. Carmel

OLMC is the Named Owner for the management of all investment assets. OLMC has delegated this responsibility to the Finance Council and Investment Committee. OLMC retains its status and will exercise oversight over the Committee's activities.

Investment Committee

In fulfilling its duties and obligations hereunder, the Committee shall be responsible for:

- Selecting, monitoring and evaluating all investment options in accordance with guidelines and benchmarks established within this document.
- Periodically reviewing the costs which are charged to the Investment Accounts including but not limited to investment option expense ratios, custodial fees and fees paid to the Investment Managers.

Investment Options

At present, OLMC maintains ownership of numerous bonds, mutual funds, mortgage obligations, Unit Investment Trusts, money market funds and cash alternatives.

OLMC shall target asset allocation along the following guidelines for investments held in the Trust:

- Cash or Money Market Instruments – 0% to 20%
- Fixed Income Instruments and/or CDs – 55% to 75%
- Equity Investments – 20% to 40%
 - International Investments will make up approximately 20% of the total equity exposure of the Trust

Fixed Income Instruments should average seven to ten years in maturity and should average a minimum credit rating of "A". Investments in tax exempt state and local municipal bonds are prohibited.

No position in an individual bond or equity should make up more than 5% of the total portfolio. The exception to this rule is with regard to positions in diversified mutual funds, unit investment trusts (UITs) or exchange traded funds (ETFs).

For assets held outside of the Trust in accounts which are designated for Savings, Building Fund or Emergency Funds, these accounts are to be invested in a fashion to maintain liquidity in order to meet any operating needs or special needs arising at OLMC. The target asset allocation for these accounts shall be:

- Cash or Money Market Instruments – 30% to 50%
- Fixed Income Instruments and/or CDs – 40% to 70%

- Equity Investments – 0% to 30%

Information Provided to the Committee

The Committee may from time to time request unit investment trust or mutual fund managers or their representatives to meet with it to discuss the following topics, including but not limited to:

- Their views concerning the economy and the securities markets, with focus on the likely impact of the investment option manager's strategies on portfolio performance.
- The effects of any changes to the mutual fund manager's organization, investment philosophy, financial condition, or professional staff.

Specific Duties

The specific duties and responsibilities of the manager of each mutual fund or Unit Investment Trust are as follows:

- Managing the Trust's assets under their supervision in accordance with their mandates or those contained within their published guidelines or prospectus.
- Exercising full investment discretion in regards to buying, managing and selling assets held in the portfolio.
- Promptly voting all proxies and related actions in a manner consistent with the long-term interest and objectives of the investors. Each investment option shall keep detailed records of the voting of proxies and related actions and will comply with all applicable regulatory obligations.

Investment Consultant

The primary responsibility of the Investment Consultant is to advise the Committee on various investment-related issues with respect to the oversight and potential enhancements of the Trust. Investment Consultant services include:

- Assisting the Committee with determining an appropriate process for constructing the structure of the investment menu.
- Providing timely and accurate reports, on a quarterly basis, evaluating return, risk and characteristics (where available) of each of the investment options.
- Apprising the Committee of changes with regard to their investment options in an appropriate time frame given the significance of the information.
- Conducting an investment option review at the request of the Committee when, for example, noteworthy changes or significant under-performance occurs.
- Assisting the Committee in the search and replacement of existing investment options when a review merits this change.

The Investment Consultant's role is to provide information to the Committee. The Investment Consultant has no discretionary control or authority over the Trust and its assets.

Trustee Custodian

The trustee (currently Merrill Lynch) is a non-discretionary trustee that takes direction from the Investment Committee and Financial Controller. The trustee is charged with the following responsibilities:

- safekeeping all securities,
- settling transactions,
- receiving charitable contributions,
- allocating contributions among investment accounts as instructed,
- providing periodic account statements to the Committee and other service providers as requested by the Committee.

III. Investment Committee Process

Meeting Frequency

The Committee shall meet on a regular basis. These meetings will be held primarily to review the performance of the investment options. In the event that a meeting cannot be scheduled, individual Committee members will individually review performance information and initiate actions as necessary.

Investment Option Performance Evaluation

The Committee will review the performance of investment options to determine if they are achieving the established objectives. Investment performance reports will be delivered to the Committee members at scheduled Committee meetings. In the event that a meeting cannot be scheduled, individual Committee members will individually review performance information and initiate actions as necessary. Interim meetings may be called on an ad-hoc basis at the discretion of the Committee. The performance review will include measuring the investment options' investment performance to stated benchmarks and peer groups, as well as monitoring risk measures. The following general criteria will be evaluated:

Quantitative Measures.

Active Investment Strategies. Active investment strategies will be evaluated on a variety of quantitative metrics. Funds that underperform will be subject to additional scrutiny and may be placed on Probationary Status with the possibility of replacement.

Passive Investment Strategies Passively managed investment options are expected to track the performance of the index strategy that the option is designed to replicate, less management fees, with marginal tracking error. Typically rolling three and five year periods will be evaluated. It is also expected that the risk of each investment option, as defined by standard deviation of returns, be commensurate with the appropriate market index.

Qualitative Measures. The investment options will also be monitored on an ongoing basis for other material changes which the Committee may determine are of importance to the decision to retain an investment option, such as personnel departures, organizational

changes, or alterations in investment style, philosophy, or strategy, and adherence to stated guidelines.

Time Periods. The Committee acknowledges that fluctuating rates of return characterize the securities markets, particularly during short-term time periods. Recognizing that short-term fluctuations may cause variations in an investment option's performance, the Committee intends to employ investment options with long-term investment strategies and will evaluate investment performance with an eye toward long-term investing.

Investment Option Termination

All investment options are expected to perform according to their prescribed objectives under this policy. The Committee recognizes the long-term nature of Equity investing and the variability of market returns. Periodic underperformance in any of the criteria outlined in this policy will not necessitate the termination of an investment option. Underperformance will provoke thoughtful consideration by the Committee of the factors causing underperformance and possible courses of action that the Committee may take.

The Committee may place an investment option on Probationary Status where the investment option's performance will undergo a greater level of review and analysis until the Committee removes the investment option from Probationary Status or the Committee decides to terminate or take other action with regard to the investment option. Factors contributing to being placed on Probationary Status include:

- Underperformance, in terms of rate of return or in terms of the quantitative measures utilized,
- Significant change in the risk profile of the portfolio as measured by the standard deviation of returns,
- Significant increase in management fees or expense ratios,
- Turnover in the management team of the portfolio,
- Significant decrease or withdrawals of assets under management,
- Deviation from style for which the investment option was selected,
- Significant organizational change, changes in ownership, mergers, etc, or
- Other factors which the Committee may determine are important for consideration.

The Committee will endeavor to use its judgment and the information available to act in a prudent manner on behalf of the Trust and its participants. **The Committee reserves the right to terminate any investment option at any time for any reason.**

Quorum and Manner of Acting

A quorum will be a Simple majority of the Committee members. A quorum must be present (in person, by telephone, by video, or other electronic access) for the Committee to take action. Decisions for any action taken by the Committee will be by majority vote of members present.

Action Without a Meeting

Any action to be taken at any meeting of the Committee may be taken without a meeting if the written consent to such action by a majority of the Committee is provided. Such written consent may be executed jointly or severally.

IV. Asset Classes

The Committee will consider the following asset classes for possible inclusion in the Trust as investment options:

Asset	Asset Class	Benchmark	
Money Market	Cash	Citigroup 3-month T-bill	
Fixed Income	Fixed Income	BarCap US Interm TR	
U.S. Stocks	Equity	S&P 500	
International Stocks	Equity	MSCI EAFE Index	

V. Adoption and Signature

This Investment Policy Statement is adopted by Our Lady of Mt. Carmel Church. Our Lady of Mt. Carmel Church has delegated responsibility to the Investment Committee. Our Lady of Mt. Carmel retains its ownership status and will exercise oversight over the Committee's activities. and effective on this _____ day of _____, _____.

Chair, Our Lady of Mt. Carmel Investment Committee