

2013-14 Investment Performance Report



CATHOLIC FOUNDATION OF OKLAHOMA, INC.

Summer, 2014

Record Year in Investment Growth with Balanced Fund

The Catholic Foundation finished the last Fiscal Year ending June 30, 2014, with a record return of 18.37% on its pooled portfolio. The bull market continued to run further into its fifth year. Traditionally, stocks are influenced by corporate earnings growth, but the Feds are continuing to pump money into the economy which has helped to achieve these returns. It is likely that growth will continue at a moderate pace through the rest of the year. Valuations are reasonable from a historical perspective, and stock market

performance should be more or less in line with the rate of earnings growth.

The Federal Reserve, under the leadership of Janet Yellen who replaced Ben Bernanke when she was sworn in on February 3, 2014, has been scaling back its quantitative easing program since the beginning of the year. The next step for the Fed will be a widely anticipated ratcheting up of short-term interest rates, but exactly when that will take place is unclear.

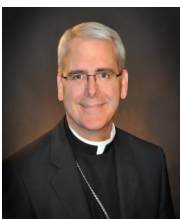
Capital preservation, protection against inflation and

long term growth are fundamental objectives of the Catholic Foundation's investment strategy.

The Foundation has continued to invest in a diversified portfolio of equities and fixed income assets. It reduced the time to maturity of its fixed income Treasuries during the year in its core fund. It also took a 3% position in Master Limited Partnerships in the spring as a hard asset protection against potential reemergence of inflation while achieving higher than average yields.

The bull market continued to run further into its fifth year as the Foundation's pooled portfolio hit record returns.

Growing in Discipleship as Stewards of God's Many Gifts



Dear Brothers and Sisters in Christ,

The U.S. Bishops wrote in a pastoral letter,

"Stewardship is an expression of Christian discipleship with the power to change how we understand and live out our lives. Disciples who practice stewardship recognize God as the origin of life, the giver of freedom, the source of all they have and are and will be." In responding wholeheartedly to the Lord's invitation to "Go Make Disciples", all Catholics begin to recognize more clearly God's gifts, strive to develop them, and share them out of love for God and neighbor. The Catholic Foundation of Oklaho-

ma is an important vehicle that enables us to direct our own journey as missionary disciples and stewards of God's many gifts.

Through our support of the Catholic Foundation of Oklahoma we give expression to our faith and gratitude by sharing our gifts, allowing them to multiply and benefit others, and ultimately to glorify God who is the source of every blessing. Our monetary gifts to the Catholic Foundation allow the Church to grow and flourish by insuring a firm financial footing for many of the ministries and apostolates that support our faith and allow us to share it with others.

The Catholic Foundation supports Catholic School Opportunity scholarships, college scholarships, educational

grants to parishes and schools, grants for our seminarian education and retired priests, and many agency funds for the partial operation at parishes, schools and worthwhile ministries within the Archdiocese of Oklahoma City. It provides funds for future growth. Please review the good work of the Foundation and consider making a gift to it as an investment in our future and an expression of your own trust in God's goodness and generosity.

With the assurance of my prayers and best wishes, I am

Gratefully yours in Christ,

+Paul S. Coakley

Most Reverend Paul S. Coakley
Archbishop of Oklahoma City



Supporting Catholic Schools like St. James The Greater Catholic School in Oklahoma City is a primary focus of the Foundation's mission. The goal is to have an Endowment Fund at each school in the Archdioceses.

2013-14 Investment Performance Report

Key Foundation Programs Support our Church

“THE PROGRAMS AND GRANT-MAKING RESPONSIBILITIES OF THE FOUNDATION WILL ALWAYS FOLLOW THE TEACHINGS OF THE CATHOLIC CHURCH.”



As we report to you the investment performance of the Catholic Foundation over the last year, it is wise to also give you an

update on the programs that the Foundation supports with its net assets. The Foundation's portfolio includes not only the assets of the Foundation but also the assets of over 150 Custodial Funds that the Foundation invests for individual churches, schools, annuitants and ministries / programs within the Archdiocese. We all share proportionally in the returns that are achieved.

The portion of the Foundation's assets that are net assets allow the Foundation to award grants, scholarships and to fund programs that will stimulate giving to various ministries

of the Catholic Church in the Archdiocese.

With the growth of the assets through our excellent returns, the number and amount of college scholarships and educational grants continue to grow. Our College Scholarship program awarded 86 scholarships that totalled \$120,000 for the 2014-15 school year. Our Educational Grants awarded grants to 45 parishes and schools for a total of \$80,516.25. This fall the Foundation will award a new round of grants that will total over \$89,000. Again, the increase is a result of excellent returns from our investments.

Growth and income from the net assets of the Foundation also allows it to underwrite the expenses of the Catholic Schools Opportunity Scholarship Fund program. It

allowed the fund to award all of the \$141,105 donated in 2013 to students to attend Catholic Schools in 2014-15.

The Foundation, through its Directors Fund, has awarded grants to Catholic Radio, Hispanic Ministries, OLOG Camp Scholarships, Catholic Grade Schools Coaches Training and the Pastoral Music & Fine Arts Endowment this past year.

The Matching Grants Program is challenging Catholic Schools to establish Endowments at the Foundation in return for our matching grants.

In the end, we ask that you “Give Catholic” when you can. Support the Catholic Foundation to build a stronger Church and *continue to invest in the future of our faith.*

God Bless,

Barney Semtner

CFO Investment Policy: A Summary

The investment policy of the Catholic Foundation of Oklahoma is designed as a framework toward achieving its investment objectives. The Board has adopted objectives in which investments will be made for the purpose of achieving superior long-term asset appreciation and maximum current income, while minimizing risk by effectively diversifying investments among different asset classes.

All investments will be made in accordance with the Oklahoma Uniform Prudent Investor Act,

and in compliance with the US Conference of Catholic Bishops Socially Responsible Investment Guidelines. These objectives lead to a portfolio of high-quality equity investments and fixed-income securities.

The portfolio is structured by asset allocation with equities ranging from a minimum of 50% to a maximum of 70%. The fixed income assets are allocated from 30% to 45%, cash from 0% to 5% and Alternatives from 0% to 10%. The asset allocation guidelines are

designed to provide the highest probability of meeting and exceeding the investment performance expectations of the Foundation at the lowest level of risk and cost.

Performance expectations will be measured against a benchmark return composed of 35% S&P500, 7.5% Russell Mid Cap, 7.5% Russell 2000, 5.0% MSCI EAFE, 35% Barclays US Agg, 6.0% Merrill Lynch High Yield and 4% Citi Treasury Bill 3 month.



CFO Board Member Dr. Charles Lawrence (second from left) presents the Evelyn & Kathryn Hau Scholarship to Gabriel Sanchez (left) of St. Francis Xavier Parish in Enid and the Amelia P. Davis & Elizabeth H. Davis Lawrence Scholarship to Tyler Whitehead (third from left) also of St. Francis Xavier Parish in Enid. Father Joseph Irwin (right) congratulates the recipients.

SOUND INVESTMENT POLICY – THE FOUNDATION'S KEY TO SUCCESS

Committing to a sound investment philosophy is key to successful investing. Having an investment philosophy and a plan that matches it is critical to making sound investment decisions. It provides the filters necessary for processing the large quantity of information we can receive about financial matters. In addition, not having a plan or having a bad plan can cause one to make poor decisions and take on the wrong

types of risk in inappropriate quantities. Often, one does not even realize this is happening.

The Catholic Foundation believes in defining their investment philosophy and developing a plan that matches that philosophy. By doing this, they have fared better before, during, and after any market adjustment.

What is an “investment philosophy?” An investment philosophy is a set of principles that guide

one when designing and managing investment assets. The starting point is this question: are you going to be a speculator or an investor? Many people are whipped by the markets because they have no plan, a bad plan, or a plan that is not aligned with sound philosophical underpinnings.

The Catholic Foundation's Investment team is made up of investors, not speculators. Our

Finance & Investment Committee 2014



Todd Lechtenberger
Chairman, Finance & Investment Committee
Catholic Foundation of Oklahoma, Inc.

Chief Executive Officer, First Med Urgent Care, Oklahoma City, OK



Karen S. Rieger
President,
Catholic Foundation of Oklahoma, Inc.
Ex-Officio

Attorney, Oklahoma City

"ALL INVESTMENTS ARE OVERSEEN BY AN ACTIVE INVESTMENT COMMITTEE OF CATHOLIC LEADERS WITH STRONG INVESTMENT EXPERTISE..."

Alan Aneshansley

Board & Committee Member, Catholic Foundation of Oklahoma, Inc.
Chief Executive Officer, SportChassis LLC, Clinton, OK

Kevin Karpe

Board & Committee Member, Catholic Foundation of Oklahoma, Inc.
Senior Vice President/Trust Officer, Heritage Trust Company, Ponca City, OK

David Madigan

Board & Committee Member, Catholic Foundation of Oklahoma, Inc.
President & CEO, Arvest Bank, SW Oklahoma Region, Lawton, OK

Timothy N. Payne, ChFC

Board & Committee Member, Catholic Foundation of Oklahoma, Inc.
Principal, IP Financial Advisors, Oklahoma City, OK

Danny Stith

Board & Committee Member, Catholic Foundation of Oklahoma, Inc.,
CEO, Wealth Management Group, LLC, Oklahoma City

Jerry Kelley

President-Elect, Catholic Foundation of Oklahoma, Inc., Ex-Officio
Attorney, Oklahoma City, OK

Manny Sanchez

Vice President, Catholic Foundation of Oklahoma, Inc., Ex-Officio
Senior VP and Client Advisor, The Private Bank, Bank of Oklahoma, BOSC, Inc., Oklahoma City, OK

David J. Johnson

Secretary-Treasurer, Catholic Foundation of Oklahoma, Inc., Ex-Officio
Business Manager, Archdiocese of Oklahoma City

Dr. Charles Lawrence

Immediate Past President, Catholic Foundation of Oklahoma, Inc., Ex-Officio
Ophthalmologist, Enid, OK

Investment Mangers Effective 6/30/14

Todd Asset Management LLC
Louisville, Kentucky
Robert P. Bordogna
Chief Executive Officer
Large Cap Value

Wedgewood Partners
St. Louis, Missouri
David Rolfe, CFA
Chief Investment Officer
Large Cap Growth

Tocqueville
New York, NY
Robert W. Kleinschmidt
Chief Investment Officer
International Equity

Thomas White Intl.
Chicago, IL
Thomas White
Chief Investment Officer
International Equity

Cavanal Hill Investment Mgt.
Tulsa, Oklahoma
J. Brian Henderson, CFA
President
Fixed Income

Cushing MLP Asset Management, LLC
Dallas, Texas
Libby Toudouze
President
MLP Asset Management

Investment Consultant

Gregory W Group
Tulsa, OK

Westwood Holding Group
Dallas, TX
Susan Byrne
Founder and Chairman
Small/MidCap Value

Riverbridge Partners
Minneapolis, Minnesota
Mark A. Thompson, Principal
Chief Investment Officer,
Portfolio Manager
Small/MidCap Growth

MDT Advisers
Boston, MA
John B. Fisher
Chief Executive Officer,
Federated Advisory Cos.
Small/MidCap Growth

Hotchkis & Wiley
Los Angeles, CA
George Davis
Chief Investment Officer
High Yield Fixed

Lord Abbett
Jersey City, NJ
Robert Gerber
Chief Investment Officer
High Yield Fixed

SOUND INVESTMENT POLICY (continued from page 2)

pooled investment portfolio is designed as part of a coordinated financial plan. From a portfolio implementation and management standpoint, there are two broad choices it makes.

First, the Foundation's investment pool will be broadly diversified. And, second, the Foundation's investment team will not try to move funds in and out of financial markets based on expectation of whether markets are about to rise or fall. It believes that trying to outmaneuver the markets is folly.

There are additional choices to

be made in adopting an investment philosophy and having a plan to match. For instance, what risks should be taken or avoided and in what quantity? From where will cash flow be drawn when needed? How might the Foundation's needs change in the future? Markets do not always cooperate, but the Catholic Foundation chooses to be an investor, not speculator, and its mantra of "diversification, patience, and discipline" have guided its decision making in all market environments.



Educational Grants like the one presented by CFO Board member Russ Farley to St Joseph Parish, Ada, Pastor Father Rusty Hewes and DRE Roxanne Taylor support the youth ministries at their parish.



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Visit us on the web at
www.cfook.org

Visit us on Facebook at
The Catholic Foundation of
Oklahoma



2013-14 Investment Performance Report

	Value 6/30/2014	% of Portfolio	12 Month Rate of Return
CASH (in Passive Equity & Investment Checking)	\$19,581	0.02%	-
EQUITY			
Large Cap Value - Todd Investment Advisors	\$6,597,178	10.66%	24.80%
Large Cap Growth Wedgewood Partners	\$6,271,076	10.13%	24.96%
Large Cap Core Vanguard 500 Index	\$9,647,259	15.58%	24.55%
Small/MidCap Value Westwood Management	\$5,028,667	8.12%	26.96%
Small/MidCap Growth MDT Advisors	\$3,420,299	5.53%	29.76%
Riverbridge Partners	\$1,727,472	2.79%	17.33%
International Equity Tocqueville Intl. Equity	\$2,035,256	3.29%	27.87%
Thomas White International Equity	\$1,730,731	2.80%	15.27%
Total Equity	\$36,477,517	58.93%	24.88%
FIXED INCOME			
Cavanal Hill Management	\$18,650,511	30.13%	1.13%
Hotchkis & Wiley High Yield	\$1,527,410	2.47%	11.51%
Lord Abbett High Yield	\$1,559,995	2.52%	13.62%
Total Fixed Income	\$21,737,915	35.12%	2.76%
MLP —Cushing MLP Asset Mgt.	\$2,125,973	3.43%	-
ANNUITIES	\$1,562,549	2.52%	13.00%
TOTAL INVESTMENT	\$61,903,954	100%	18.37%
Investment Policy Statement Benchmark			15.82%
<small>(35% S&P 500 / 7.5% Russell Mid Cap / 7.5% Russell 2000 / 5.0% MSCI EAFE / 35% Barclays US Agg. / 6.0% Merrill Lynch High Yield / 4% Citi Treasury Bill 3 Month.)</small>			



The 2013 Educators of the Year Awards were presented to Frances Savely (l) as Catholic Schools Educator of the Year and Mary Smith (r) as Religious Educator of the Year. Both Catholic Foundation awards are presented in late September each year from nominees from throughout the Archdiocese.

10 Year Return on Investment (Calendar Year)

Year	Value on Dec 31	Portfolio Return	Benchmark Return
2013	\$58,794,322	18.65%	17.73%
2012	\$50,372,163	10.88%	11.43%
2011	\$41,488,386	4.34%	3.73%
2010	\$39,094,918	12.10%	11.95%
2009	\$36,611,861	20.68%	18.89%
2008	\$25,885,772	-23.13%	-24.19%
2007	\$34,676,452	8.52%	6.15%
2006	\$27,282,496	14.13%	11.63%
2005	\$23,641,658	6.42%	3.87%
2004	\$21,521,094	11.65%	8.05%