

2010-11 Investment Performance Report



CATHOLIC FOUNDATION OF OKLAHOMA, INC.

Summer, 2011

Growth for the Long Term for Fiscal Year 2010-2011



As we report to you the investment performance of the last fiscal year that ended June 30, 2011, our words are falling flat because of the direction of the economy after the year closed. It seems as if we could be bracing for another dip or the so-called "double dip" that many have warned of since the recession bottomed out in March of 2009.

For the fiscal year ending June 30, 2011, the Catholic

Foundation of Oklahoma's investment pool had a total return of 23.48 percent. We have out performed our benchmarks that we have set to measure our success. The equities section of our portfolio has performed most robustly with a 34.38 percent trailing one-year return.

The 2011 Commonfund Benchmarks Study of Foundations (representing \$108.2 billion in assets) reported an average return of 12.5 percent for the calendar year ending December 31, 2010. This compares to the Foundation's 12 month trailing return on December 31, 2010 of 12.1%.

Our decision to request proposals for Investment Con-

sulting services resulted in the hiring of Gregory W Group. As the fiscal year ended, we hired a Fixed Income manager, Cavanal Hill Investment Management. It was the consensus of the Finance & Investment Committee of the Foundation to position the portfolio for long term growth and better insulate our assets from as much volatility as possible.

Our Investment Committee and our investment consultant are all very committed to the long-term. And while the markets continue to be a test of the commitment to this discipline, we are looking forward to the positive rewards that will come from continued commitment to both diversification and quality investments.

The Foundation is positioning its portfolio for long term growth and to better insulate its assets from as much volatility as possible through both diversification and quality investments .

Put our Faith and our Stewardship into Action



Dear Brothers and Sisters in Christ,

A Christian steward is someone who receives God's gifts gratefully, cultivates them responsibly, shares them generously, and returns them with increase to the Lord. A life of stewardship is a fundamental expression of our response to the call of Jesus Christ to live as his disciple. It is the recognition that everything we have is a gift, and the determination to live accordingly.

The Catholic Foundation of

Oklahoma is a vehicle that enables us to put our faith and our stewardship into action.

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 works of the Catholic Foundation include grants to parishes and schools, scholarships, support of our seminarians, operating income for many worthwhile ministries within the Archdiocese of Oklahoma City and funds for future growth. Please consider a gift to the Catholic Foundation 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,

Most Reverend Paul S. Coakley
Archbishop of Oklahoma City



Holy Family Church in Lawton will benefit from an Endowment Fund at the Catholic Foundation established from an annuity remainder given by a parishioner.

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“THE FOUNDATION IS MADE UP OF BOTH CUSTODIAL FUNDS AND ENDOWMENT FUNDS ... BUILDING A STRONG FOUNDATION FOR THE FUTURE.”

Two Funds in One, Building a Strong Foundation



As you read the performance report of the Catholic Foundation, you will see a portfolio that comes from a pool of assets

combined from over 150 different Funds at the Catholic Foundation.

Custodial Funds represent the bulk of these assets. Custodial Funds are those assets which have been placed at the Foundation as an investment by Catholic organizations and are generally listed as “Funds Held for Others” on our financial statement. Many parishes and schools have placed Custodial Funds at the Catholic Foundation for investment purposes that allow for low cost management and sound institutional investment policies which follow

the USCCB Socially Responsible Investment Guidelines. These Funds allow the organizations to receive income from interest and dividends on a regular basis and also have principal available for special needs such as roofs, repairs or other rainy day needs.

Endowment Funds have been established at the Foundation by individual Catholics for specific Catholic causes. Some of these Funds are Scholarship Funds so that the earnings from the Fund pay Catholic school tuition or college tuition for Catholic students from a particular parish, town or region or to support a particular school. Endowment Funds are also established as Named Funds to honor or memorialize an individual or family in which the earnings are specifically directed to a parish, school or

specific Catholic cause. Endowment Funds can be established as “Donor Advised” funds where individuals or families may direct on a regular basis where the earnings are to be distributed throughout our Catholic community. The Foundation has recently established the Pastoral Music & Fine Arts Endowment Fund to seek donations and to distribute grants to parishes throughout the Archdiocese to promote music and the arts. The specific desires of each donor dictates how each Fund operates with an end result of building a stronger Foundation and *continuing to invest in the future of our faith.*

God Bless,

Barney Semtner
Executive Director

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 Okla-

homa 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 to a range of equity styles and then to style-specific managers who are among the best in their area. 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 benchmark return of a 65/30/5 blend consisting of the Standard & Poor’s 500 Index, the Barclays Capital Government Intermediate Bond Index and cash respectively.



The income from a Scholarship Fund established by Catholic Charities to honor Archbishop Beltran will provide scholarships to St Mary School in Lawton for students living at Villanova Apartments operated by Catholic Charities.

Asset Allocation based on Class Target Percentages

Asset Class	Minimum	Maximum
Fixed Income	30%	45%
Cash Equivalents	0%	5%
Equities	50%	70%
Including: Domestic Large Cap Growth		
Domestic Large Cap Value		
Domestic Large Cap Core		
Domestic Small/Mid Cap Growth		
Domestic Small/Mid Cap Value		
Domestic Small/Mid Cap Core		
International Developed Markets		
International Emerging Markets		
Alternative Investments	0%	10%

Finance & Investment Committee 2011



Manny Sanchez
Chairman, Finance & Investment Committee
Catholic Foundation of Oklahoma, Inc.

*Senior Vice President and Client Advisor
The Private Bank
Bank of Oklahoma
BOSC, Inc*



Thomas H. Avant, CFP
President, Catholic Foundation of Oklahoma, Inc.
Ex-Officio

*Branch Manager
First Vice President-Investments
Wells Fargo Advisors
El Reno, Oklahoma*

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

Ben Byers

Board & Committee Member, Catholic Foundation of Oklahoma, Inc.
Senior Vice President & Shareholder, Heritage Trust Co., Oklahoma City, OK

John L. "Pete" Dimond

Board & Committee Member, Catholic Foundation of Oklahoma, Inc.
Manager, Project Implementation & Optimization, Conoco, Inc., Ponca City, OK

Jerry Kelley

Board & Committee Member, Catholic Foundation of Oklahoma, Inc.
Attorney, Oklahoma City, OK

Sherri Merle

Board & Committee Member, Catholic Foundation of Oklahoma, Inc.
Manager, OK State Auditor & Inspectors Office, Weatherford, OK

Larry Neubauer

Board & Committee Member, Catholic Foundation of Oklahoma, Inc.
Accountant, Goddard Enterprises, Ardmore, OK

Douglas A. Oliver CFP CRPS

Board & Committee Member, Catholic Foundation of Oklahoma, Inc.
Wealth Manager, Capital Asset Management, Inc. Oklahoma City, OK

Tony J. Tyler

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

Charles Lawrence, M.D.

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

David J. Johnson

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

Investment Managers Effective 6/30/11

Todd-Veredus 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

Westwood Management Corporation

Dallas, TX
Susan Byrne
Chief Investment Officer
Small/MidCap Value

MDT Advisors

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

Riverbridge Partners

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

Cavalan Hill Investment Mgt.

Tulsa, Oklahoma
J. Brian Henderson, CFA
President
Fixed Income

New Investment Consultant Named in March, 2011

Since its founding in 1989, Gregory W Group has emerged as one of the nation's leading investment consulting firms. Their philosophy is to act as their clients' totally independent in-house investment counsel. Their monitoring of the Foundation's investments include timely reporting, review of asset performance, comparison to selected benchmarks, asset allocation modeling, investment policy statement review and review of investment manager compliance. They assist with the selection of investment managers or the investing in new asset classes or structures.



Rosary School is one of 21 Catholic Schools in the Archdiocese that benefit from the Catholic Schools Endowment Fund at the Catholic Foundation. Rosary School also maintains several of their own Custodial Funds that benefit operations, lowers tuition costs and provides scholarships for students.

Funds benefit from low-cost program

The low cost and efficient operation of our investment program benefits all Funds, large and small. We accomplish this by balancing the use of active managers and index funds in a way that maximizes the opportunity for adding value but keeping the cost low. As a result, we have been able to produce annualized returns for many years that exceed the markets but at a cost which is much lower than mutual funds or other balanced fund alternatives.

For FY2010, the cost of investment management at the Catholic Foundation of Oklahoma was approximately 55.6 basis points, compared to more than 100 basis points for the average mutual fund or active equity manager requiring a large minimum account. All investments are overseen by an active Investment Committee of Catholic leaders with strong investment expertise who work to provide the best investment return at the most efficient price.



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	Value 6/30/2011	% of Portfolio	12 Month Rate of Return
CASH (in Passive Equity & Investment Checking)	\$110,894	0.25%	-
EQUITY			
Large Cap Value - Todd Investment Advisors	\$4,578,463	10.70%	31.33%
Large Cap Growth			
Wedgewood Partners	\$1,733,469	4.05%	30.71%
iShares Russell 1000 Growth Index	\$2,721,214	6.36%	34.72%
Large Cap Core			
Vanguard 500 Index	\$6,293,703	14.71%	30.66%
Small/MidCap Value			
Westwood Management	\$2,673,064	6.25%	42.29%
Small/MidCap Growth			
MDT Advisors	\$589,367	1.38%	52.52%
iShares Russell MidCap Growth Index	\$747,401	1.75%	42.82%
Riverbridge Partners	\$406,853	.95%	39.18%
iShares Russell 2000 Growth	\$876,224	2.05%	43.41%
Small/MidCap Core			
iShares Russell Mid Cap Index	\$1,255,770	2.93%	38.21%
iShares Russell 2000 Index	\$1,218,319	2.85%	37.14%
International Developed Markets			
iShares EAFE Index	\$808,041	1.89%	33.09%
International Emerging Markets			
Vanguard Emerging Markets Index	\$1,999,595	4.68%	30.18%
Total Equity	\$26,012,375	60.79%	34.38%
FIXED INCOME			
CDs purchased at outside banks	\$1,018,351	2.38%	-
Cavanal Hill Management	\$14,279,177	33.37%	7.72%
Total Fixed Income	\$15,297,528	35.75%	-
ANNUITIES	\$1,479,796	3.46%	-
TOTAL INVESTMENT	\$42,789,700	100%	23.48%
Investment Policy Statement Benchmark			19.96%
(65% S&P 500 / 30% Barclays Capital Gov Inter Bond Index / 5% 3 Month T-Bill)			



The Ten Commandment monuments at Our Lady of Guadalupe Youth Camp greet the campers as they arrive at camp. A Catholic Foundation Program will eventually purchase and install similar monuments at all 21 Catholic elementary and secondary schools in the Archdiocese.

8 Year Return on Investment (Calendar Year)

Year	Value on Dec 31	Portfolio Return	Benchmark Return
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%
2003	\$18,080,239	6.75%	5.57%