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## INVESTMENT POLICY FOR THE CATHOLIC FOUNDATION OF ARLINGTON

Adopted by the Board of Directors February 27, 2026

### Mission and Authority

Founded in 2011, the Catholic Foundation of Arlington's mission is to receive and steward charitable gifts in support of the spiritual, educational and social service needs of families and individuals by helping provide for the long-term financial stability of parishes, schools, diocesan ministries and other entities aligned with the principles of the Roman Catholic Church.

The Foundation Board of Directors has the responsibility and authority to advise the bishop on investment of all donor advised funds, endowments, custodial accounts and other charitable funds. These invested assets are managed by professionals and monitored by the Board following the Investment Policies of the Foundation.

### Investment Philosophy

The investment philosophy of the Foundation combines the goal of preservation of capital and liquidity with prudent risk tolerance to achieve investment results consistent with the financial goals and objectives of the Foundation. The role of the Foundation is to provide financial resources to underwrite and support current and future operating cash flow requirements of the charitable, religious, and educational institutions of the Diocese of Arlington.

The assets of any endowment or charitable fund may be commingled or pooled for investment purposes with other assets of the Foundation and may be invested in units of a common investment fund.

### Socially Responsible Investing

The Foundation seeks to invest in full alignment with United States Conference of Catholic Bishops socially responsible investment guidelines (2021). Each component and category of investment has been carefully evaluated for its compatibility with these guidelines.

## Distribution Policy

For the purpose of making distributions, the Foundation shall make use of a total return-based spending policy, meaning that it will fund distributions from net investment income, net realized capital gains, and proceeds from the sale of investments. Many of these funds may have long-term goals.

The Board of Directors has established a distribution rate of 4% of each individual fund's trailing 12-quarter average market value. The Board reviews the distribution policy annually. For funds that have been invested for fewer than 12 quarters, the distribution rate shall be applied to the average market value of all available quarters since the fund's inception.

No distributions shall be made from a fund until it has been invested for a minimum of one full fiscal year, defined as July 1 through June 30. Funds that have not completed one full fiscal year of investment are not eligible for distribution regardless of market value.

## Investment Vehicles

The Board of Directors has direct oversight regarding all decisions that impact the Foundation. The Foundation utilizes the Diocesan Investment and Loan (DIAL) Corporation for shorter-term investments and the Catholic Investment Trust of Arlington (CITA) for long-term investments. In addition, the Foundation maintains cash accounts as necessary for ordinary operations.

The Diocesan Investment and Loan (DIAL) Corporation is a separate entity that primarily manages savings for and makes loans to parishes, schools and other entities in the Catholic Diocese of Arlington. DIAL investments earn interest at a rate established by the DIAL Corporation and credited monthly.

The Catholic Investment Trust of Arlington (CITA) was established as a nontaxable grantors' trust for the purpose to hold, invest, preserve, reinvest, and manage contributions of participating affiliates (grantors), including the Foundation.

Although assets are pooled for investment purposes, separate accounts are maintained for each grantor, credited for additions, and allocated investment gains and charged for withdrawals and allocated investment losses and expenses, and current asset valuations attributable to each grantor. The CITA invests in a diverse portfolio comprised of cash, cash equivalents, fixed income instruments, equities, and alternative investments under the direction of the Trustees with powers granted them under the Master Trust Agreement.

## Asset Allocation

The target allocation of the CITA is as follows:

Asset Class and Allocation	Lower Limit	Strategic Allocation	Upper Limit
Large Cap Equity	25%	29.5%	35%
Small/Mid Cap Broad	7%	12%	17%
International Equities	15%	20%	25%
Global Balanced	0%	3%	8%
Domestic Fixed Income	16%	21%	26%
High Yield Fixed Income	0%	2%	7%
Alternative Investments*	7.5%	12.5%	17.5%
Cash and Equivalents	0%	2%	7%
		100%	

*\*Alternative Investments may include Private Equity, Venture Capital, Private Real Estate, and Real Assets. Due to the illiquid nature of these investments, allocations are approved by the CITA Investment Committee on an individual manager or vehicle basis.*

From time to time, the CITA Investment Committee may approve changes to the asset allocation and add or eliminate asset classes. When an asset class drifts beyond its stated lower or upper limits, the CITA Investment Committee shall determine appropriate rebalancing action, which may be executed on a time-based or threshold-triggered basis at the Committee's discretion.

## Governance and Oversight

The Board of Directors is responsible for acting in a fiduciary capacity with respect to all Foundation assets. Board members and staff involved in investment decisions are

required to comply with the Foundation's conflict of interest policy and shall disclose any personal interest in investment decisions before deliberation.

The Board shall receive investment performance reports on at least a quarterly basis. The Board shall review and, if necessary, update this Investment Policy on an annual basis, or more frequently if material changes in the Foundation's circumstances, investment vehicles, or regulatory environment warrant revision.