

IN PERPETUUM

CATHOLIC FOUNDATION OF EASTERN PENNSYLVANIA

Q1 UPDATE ❖ APRIL 2018

*"Give thanks to the Lord
for He is good. His love
endures forever."*

PSALM 136.1

Q1 Portfolio beats benchmarks in bumpy 2-month stretch

After reaching all-time highs in January 2018, the U.S. equity markets hit a bumpy February and March and the investment portfolio of the Catholic Foundation of Eastern Pennsylvania did not escape the effects. The decline was largely driven by investor concerns over a trade war, tighter monetary policy and sell-offs in technology stocks. Volatility, as measured by the VIX (Index), has returned to the markets and ended the quarter in range of long-term average levels.

International markets also generated negative results in the quarter, though to a lesser extent than domestic markets. Interest rates in the U.S. rose by about .30% for the quarter, producing negative returns for most bonds. Year to date, the S&P 500 was down 0.76%, the ACWI (All Cap World Index) was down 0.96% and the Barclay Aggregate was off 1.46%. On a positive note, corporate earnings were up about 18% in the first quarter indicating that the underlying economy is still doing well.

The overall aggregate performance of the Catholic Foundation's portfolio returned -0.78% for the first quarter and 10.83% for the year ending March 31, 2018. Both numbers beat their benchmarks respectively over the same periods of time. In total, there was less than \$40,000 in investment losses for the quarter.

"Our portfolio is designed with a long-term investment time horizon with the goal of earning an average annualized return of 8%," Paul Huck, Chairman of the Catholic Foundation, said. "We continually monitor activities to make sure we are looking out for the best interest of our endowment fund partners."

Since its inception almost three years ago, the annualized return of the Catholic Foundation's portfolio has been 8.22%.

The Foundation added \$750,000 in new deposits to the portfolio in the quarter, bringing total assets under management to just under \$4.7 million across 23 endowment funds.

Marketing, planned giving programs offer endowment partners added value

In an effort to provide additional value to its endowment fund partners, the Catholic Foundation recently rolled out customized marketing and planned giving programs. The focus is to help partners raise awareness among its constituencies about their endowment funds managed by the Foundation. The goal is to help foundation partners get additional contributions and grow their endowments.

"Offering these services and resources is another way the Catholic Foundation differentiates itself from typical investment firms on the street," Pete Waldron, Executive Director of the Catholic Foundation, said. "We work with our partners to develop a strategy and timeline to assist them in promoting their endowment fund to their donor base and show the various opportunities for giving."

St. Joseph the Worker in Orefield and St. Theresa's Parish in Hellertown piloted a marketing communication effort during Easter weekend. The Catholic Foundation inserted a customized 4-color special edition of the Foundation's In Perpetuum newsletter in the parish bulletin. The newsletter featured articles and information about each parish's respective endowment funds. St. Joseph has four endowment funds managed by the Catholic Foundation and St. Theresa has two.

Continued on page 2.





Foundation introduces donor designated cemetery funds

Catholic parishes in the Diocese of Allentown that oversee a cemetery may participate in the newly created donor designated cemetery fund program started by the Catholic Foundation.

Cemeteries are required by law to set aside a portion of the sale of burial plots in a perpetual care account. The purpose is to cover the long-term maintenance and upkeep of the cemetery.

The Catholic Foundation is the best option for parishes to invest and manage perpetual care cemetery funds. There are a number of key benefits that support the donor designated cemetery fund as a “true long-term care” option:

- Protects the intent of the funds
- Higher rate of investment return
- Keeps up with inflation
- Allows for flexibility in withdrawals



‘Added value’ benefits offered by the Catholic Foundation

- | | | |
|--|---------------------------------------|--------------------------------------|
| • Independent from Diocese | • Investments respect Catholic values | • Planned Giving Workshops |
| • Professionally managed | • Lower investment fees | • Legal work for agreements |
| • Improves financial controls | • Fundraising guidance | • Annual regulatory filings & audits |
| • Continuous monitoring of investments | • Marketing / Promotion support | |



Marketing, planned giving programs... *Continued from page 1*

Follow-up tactics, such as e-newsletters, e-blasts, website posts, will follow later.

“A number of parishioners stopped and asked me about our endowment funds featured in the bulletin insert,” Monsignor Robert Wargo, pastor of St. Joseph the Worker Church, said. “It’s a start.”

Waldron agreed that communication is the first step in giving.

“Donors look very favorably on organizations that have formalized endowment efforts,” he said. “It demonstrates vision, good stewardship and financial stability. They like knowing their gift will live on forever.”

“An endowment fund is the ‘gift that keeps on giving,’” Waldron said. “As an endowment fund grows, the annual distribution also will grow.”

St. Joseph the Worker is also piloting the Planned Giving Partner Program coordinated by the Catholic Foundation. The Foundation is

working with the parish’s Planned Giving Committee to set up a series of information workshops that will serve to demystify the planned giving process.

“People don’t always realize how they can help causes that are important to them, both now and in the future,” Beth Beers, an estate planning attorney in Bath, PA and Secretary of the Catholic Foundation Board of Directors, said. “We want people to understand the impact anyone can have on their parish or school through planned giving.”

Beers has conducted similar workshops for Advancement Directors at Diocesan Catholic schools. Topics covered include the impact of planned giving, types of planned gifts and tax consequences with charitable giving.

“An endowment fund in the Catholic Foundation is the perfect repository for a planned gift,” Waldron said. “People like to know their final gift to their favorite Catholic cause will have lasting impact.”



*Interested in more information on the marketing and/or planned giving partner programs?
Please send an email to info@CatholicFoundationEP.org.*





Endowment fund partners take annual distributions



Eleven endowment fund partners from a pool of 16 eligible endowment funds elected to take the annual distribution offered in March 2018 by the Catholic Foundation. Five eligible funds declined to take the 5 percent distribution, which was set by the Board of Directors at its January 2018 quarterly meeting. Instead they rolled their distribution back into the principal.

The distribution is based on a three-year average of the assets in each endowment fund. This year's distribution covered the years 2015, 2016 and 2017. Fund partners had the option of taking the entire 5 percent, a lesser amount or none at all and rolling it over.

The Foundation paid out \$114,184 in distributions out of an original eligible pool of \$172,062. Since its inception, the Catholic Foundation has distributed more than \$372,062 to endowment fund partners.

Three new funds, \$572,063 added in Q1

❖ ACCHS Green & Gold Education Endowment Fund

Fund benefits the educational mission at Allentown Central Catholic High School, including but not limited to scholarships, academic programs, and capital improvements.

❖ Mercy School for Special Learning Scholarship & Education Endowment Fund

Fund provides support for scholarships, educational programs and activities for students who have physical, developmental and/or intellectual disabilities attending the Mercy School.

❖ Mercy School for Special Learning General Endowment Fund

Fund provides long-term income for the overall operations of the Mercy School to assist in the education of students who have physical, developmental and/or intellectual disabilities. It supports the overall operations, capital improvements, educational programs, equipment and scholarships.

Contributions help existing endowments grow

More than \$648,088.61 in cash, stock or IRA transfers were contributed during Q1 2018 in six existing endowments.

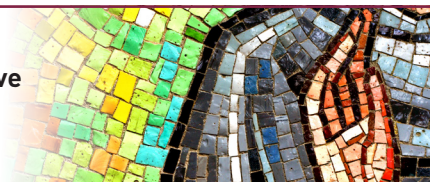
- Catholic School Scholarship Endowment Fund
- Rev. Stephen J. Halabura Seminary Endowment Fund
- St. Anne (Bethlehem) Education Endowment Fund
- St. Jane Frances de Chantal Education Endowment Fund
- St. Joseph the Worker Angel Endowment Fund
- St. Theresa of the Child Jesus Parish Endowment Fund

Please remember the Catholic Foundation in your will & trusts.



We would be happy to discuss with you and your financial adviser how to create a new endowment fund or make a gift to an existing fund that supports your favorite Catholic cause.

To start, contribute or remember a fund in your will/trust for your favorite Catholic parish, school, learning center or non-profit, please contact **Pete Waldron, Executive Director of the Catholic Foundation of Eastern Pennsylvania** at **610-439-7681** or **petewaldron@catholicfoundationep.org**



IN PERPETUUM

The Latin word meaning forever.

CFEP is an independent, charitable organization designed to manage assets, generate perpetual income and provide financial stability for Catholic parishes, educational institutions and non-profits.

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