



Knights of Columbus

Maryland State Council

Brian Graham, Fraternal Benefits Advisor

INVESTMENT REVIEW



Knights of
Columbus®

WHAT WE DO:

The Investment Department focuses on the purchase of:

- Investing in high quality securities including
- Investment grade corporates, across all market sectors
- Investment grade mortgage securities issued by agencies and mortgage companies
- In addition, we focus on asset allocation and assist in the development of new products

WHAT WE DON'T DO:

- Invest in junk bonds
- Invest in derivatives
- Invest in highly speculative or highly structured Wall Street driven transactions

3

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All investment managers for the Order are prohibited from investing in companies engaged in any of the following activities:

Embryonic Stem Cell Research/Human Cloning

Pornography

Abortifacient

Contraception

For Profit Health Care

Alcohol

Tobacco

Medical Instruments

CDI Iran List

4

INVESTMENT REVIEW



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SUMMARY OF 2019 BOND HOLDINGS

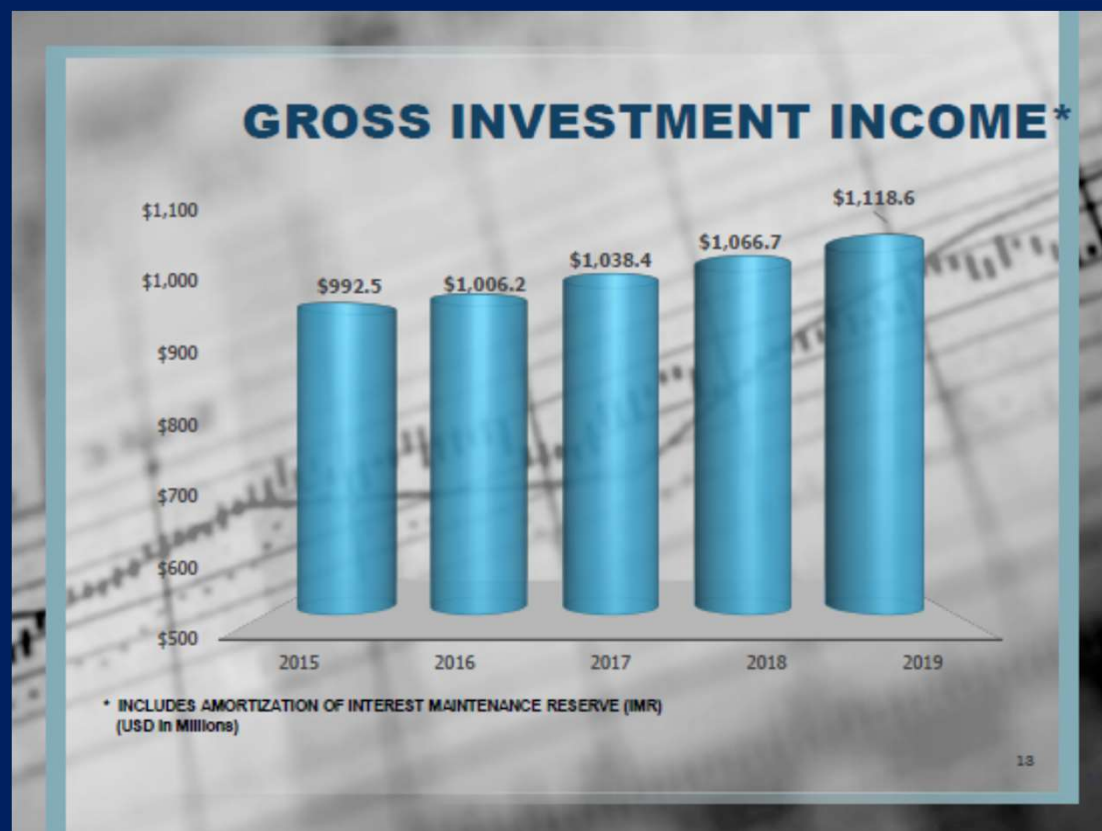
	BOOK VALUE	% PORT	YIELD	QUALITY
U.S.				
STRUCTURED FINANCE	\$ 393.2	1.8%	5.24%	A+
MUNICIPALITY	\$ 2,542.3	11.4%	4.32%	AA
CORPORATES	\$ 11,313.4	50.7%	4.20%	BBB+
MTG. BACKED SECS.	\$ 1,668.2	7.5%	3.93%	AA+
GOVT. & AGENCY	\$ 425.7	1.9%	4.34%	AA+
COMM. MTG. BACKED SECS.	\$ 1,736.2	7.8%	3.75%	AA+
ASSET BACKED SECS.	\$ 1,523.6	6.8%	4.04%	A+
	\$ 19,602.6	87.9%	4.17%	A
CANADA				
STRUCTURED FINANCE	\$ 16.0	0.07%	3.49%	A
CORPORATES	\$ 1,951.4	8.75%	4.74%	A
COMM. MTG. BACKED SECS.	\$ 137.7	0.62%	3.36%	AAA
MTG. BACKED SECS.	\$ 41.3	0.19%	4.56%	AAA
GOVT. & AGENCY	\$ 474.9	2.13%	4.01%	AA
ASSET BACKED SECS.	\$ 75.0	0.34%	2.63%	AAA
	\$ 2,696.3	12.1%	3.69%	A
GRAND TOTAL	\$ 22,299.0	100.0%	4.11%	A+

(USD In Millions)

INVESTMENT REVIEW



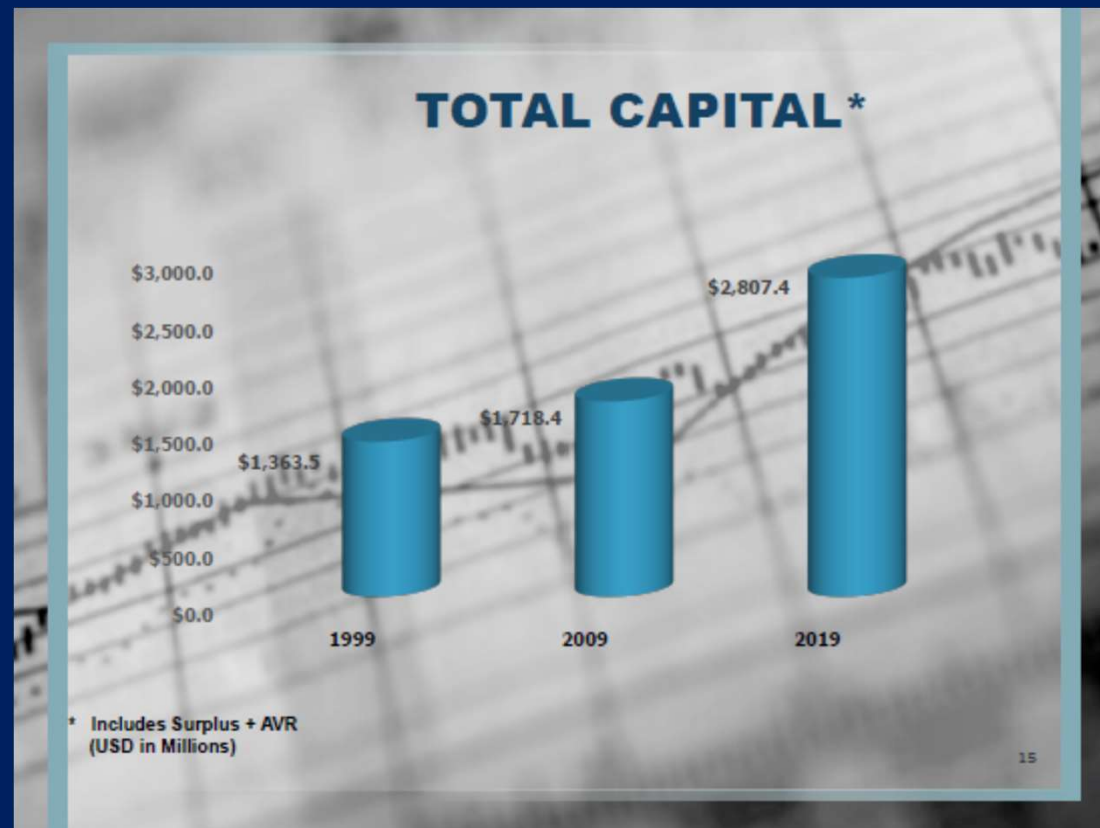
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KNIGHTS OF COLUMBUS A+ (Superior) Rating from A.M. Best

In 2019, the Knights was again listed on the Fortune 1000 list (900) and earned a financial strength rating of A+ (Superior) from A.M. Best.

In its most recent ratings release, A.M. Best categorizes the Order as having the strongest balance sheet assessment, stating, "The ratings reflect the Order's balance sheet strength, as well as its strong operating performance, favorable business profile and appropriate enterprise risk management." Also stated, "The Order has experienced a lower level of operational volatility, owed to a loyal customer base with low lapses, and consistent product performance. The business profile assessment is supported by its productive agency force, and lower risk profile of its product portfolio".



16

MUTUAL FUND SALES BROCHURE



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Pursuing Growth with Integrity



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Columbus
Asset Advisors®**

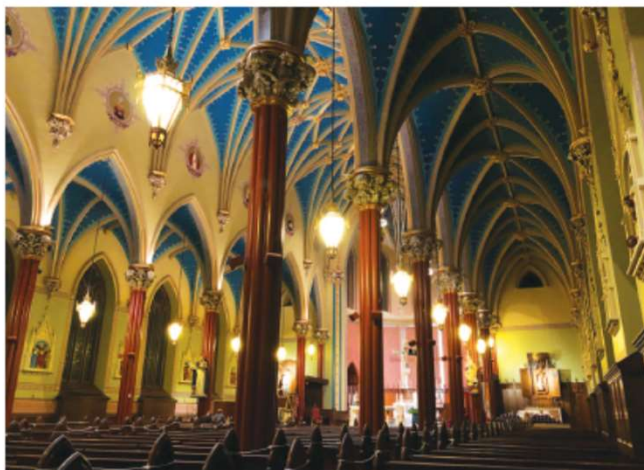
Guard. Grow. Give.™

Knights of Columbus Funds and all investment products presented herein are offered solely through Knights of Columbus Asset Advisors LLC ("KOCAA"), a wholly owned subsidiary of Knights of Columbus. KOCAA is an SEC registered investment advisor. Knights of Columbus does not offer investment products outside of the affiliated products offered through KOCAA.

MUTUAL FUND SALES BROCHURE



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Knights of Columbus Asset Advisors

Catholic investors often face a common dilemma of choosing between investment growth and their moral values. We believe a Catholic firm committed to faith-based investing can offer a more compelling solution.

Unlike many other investment advisors, being Catholic is part of everything Knights of Columbus Asset Advisors does. Our profits help to support charity, evangelization and the Church at the local and global level.

Today, the Knights of Columbus Asset Advisors continues to service the Catholic community, managing over \$28.7 billion in assets.

MUTUAL FUND SALES BROCHURE



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The Catholic Difference

Our investment approach begins with a Catholic moral investment process. This allows our clients to align their personal beliefs to their investment choices.

Our family of mutual funds follow the investment guidelines of the United States Conference of Catholic Bishops (USCCB). The six themes included in these guidelines are:

- Protecting human life
- Promoting human dignity
- Reducing arms production
- Pursuing economic justice
- Protecting the environment
- Encouraging corporate responsibility



RISK TOLERANCE QUESTIONNAIRE



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Risk Tolerance Data

Profiles Professional

In order to assess your current risk tolerance in relation to your asset allocation strategy, you will need to complete this data collection form and the Personal Client Data form.

Risk Tolerance

- Inflation, the rise in prices over time, can erode your investment return. Long-term investors should be aware that, if portfolio returns are less than the inflation rate, their ability to purchase goods and services in the future might actually decline. However, portfolios with long-term returns that significantly exceed inflation are associated with a higher degree of risk.
Which of the following choices best reflects your attitude toward inflation and risk?
☐ a. My main goal is to avoid loss, even though I may only keep pace with inflation.
☐ b. My main goal is to earn slightly more than inflation, while taking on a low level of risk.
☐ c. My main goal is to increase my portfolio's value. Therefore, I am willing to accept short-term losses, but I am not comfortable with extreme performance shifts that may be experienced in the most aggressive investment options.
☐ d. My main goal is to maximize my portfolio value, and I am willing to take on more extreme levels of risk and performance shifts in my portfolio to do so.
- The table below presents a hypothetical worst case loss, expected gain, and best case gain of five sample portfolios over a one-year period with an initial \$100,000 investment. Which portfolio would you prefer to hold?

	Hypothetical Best Case (\$)	Expected Gain (\$)	Hypothetical Worst Case (\$)
<input type="radio"/> a. Portfolio 1	115,100	104,600	92,800
<input type="radio"/> b. Portfolio 2	119,900	105,500	87,800
<input type="radio"/> c. Portfolio 3	125,600	106,300	79,900
<input type="radio"/> d. Portfolio 4	130,500	107,200	71,700
<input type="radio"/> e. Portfolio 5	135,500	107,800	67,200
- Investing involves a trade-off between risk and return. Historically, investors who have received high long-term average returns have experienced greater fluctuations in the value of their portfolio and more frequent short-term losses than investors in more conservative investments have. Considering the above, which statement best describes your investment goals?
☐ a. Protect the value of my account. In order to minimize the chance for loss, I am willing to accept the lower long-term returns provided by conservative investments.
☐ b. Keep risk to a minimum while trying to achieve slightly higher returns than the returns provided by investments that are more conservative.
☐ c. Focus more on the long-term investment returns. Long-Term growth is equally as important as managing portfolio risk.
☐ d. Maximize long-term investment returns. I am willing to accept large and sometimes dramatic short-term fluctuations in the value of my investments.
- Historically, markets have experienced downturns, both short-term and prolonged, followed by market recoveries. Suppose you owned a well-diversified portfolio that fell by 20% (i.e. \$1,000 initial investment would now be worth \$800) over a short period, consistent with the overall market. Assuming you still have 20 years until you begin withdrawals, how would you react?
☐ a. I would not change my portfolio.
☐ b. I would wait at least one year before changing to options that are more conservative.
☐ c. I would wait at least three months before changing to options that are more conservative.
☐ d. I would immediately change to options that are more conservative.

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