Catholic Investor Core Bond Fund

This domestic bond fund is designed for faith-based investors and invests in accordance with the guidelines of the U.S. Conference of Catholic Bishops (USCCB).

INVESTMENT OBJECTIVE

The Catholic Investor Core Bond Fund seeks current income and capital preservation.

INVESTMENT PROCESS

Our fixed income investment approach is defined as top-down sector allocation with bottom-up security selection. We focus on formulating an allocation across sectors of the fixed income market based on our view of relative value and strive for additional yield where prudent. We break the market into two segments — corporate credit (corporate bonds) and structured credit (mortgage-backed, asset-backed and commercial mortgage-backed securities).

Next, we begin the process of rigorous, bottom-up security selection. We favor attractive, investment-grade fixed income securities that, we believe, offer additional yield potential. Over time, any incremental yield compounds, helping to enhance investor returns.

When we pursue additional yield and apply Catholic investment screens, portfolios will sometimes differ from the benchmark. Nevertheless, we maintain a strong awareness of the benchmark’s characteristics (sector allocations, credit quality, duration etc.) so that the overall portfolio reflects benchmark-like levels of risk and return potential.

HOLDINGS CREDIT QUALITY*

(As of 09/30/2019)

| US Government | 16.5% |
| AAA           | 34.9% |
| AA            | 4.0%  |
| A             | 10.3% |
| BBB           | 33.4% |
| Below Investment Grade | 0.9% |

ABOUT THE PORTFOLIO MANAGEMENT TEAM

Knights of Columbus Asset Advisors manages $23 billion in fixed-income assets on behalf of the Knights of Columbus organization (09/30/2019). Tony Minopoli oversees the investment team, including portfolio management, research and trading. Neill Jordan leads the Knights’ structured investment team, and Gilles Marchand leads the credit investment team.

Knights of Columbus Asset Advisors Investment Team:

Anthony Minopoli
President & Chief Investment Officer
Started with firm: 2005
Started in industry: 1987

E. Neill Jordan, CFA
Vice President, Portfolio Manager
Started in firm: 1987
Started in industry: 1983

Gilles Marchand, CFA
Vice President, Portfolio Manager
Started with firm: 2010
Started in industry: 1990

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QUARTERLY COMMENTARY

For the quarter ended September 30, 2019, Catholic Investors Core Bond Fund – I Shares outperformed its benchmark, the Bloomberg Barclays U.S. Aggregate Bond Index, returning +2.54% compared to +2.27%. For the trailing twelve months, the Fund’s performance exceeded the benchmark returning +10.43% versus +10.30%. The Fund ranked in the 18th percentile of its peer group, 94 bps ahead of the +9.49% average return of the Lipper Core Bond Universe for the one-year period. Lipper rankings based on Total Returns for the one-year period ending 9/30/19, the fund was ranked against 512 funds in the Core Bond Fund category.

The quarter started off with yields moving sideways for most of July on reduced expectations for aggressive Federal Reserve (“Fed”) actions. The Fed reduced rates for the first time since 2008 citing uncertainties around domestic growth and inflation and the implications that global developments could have on the economic and inflation outlooks. However, their accompanying statement didn’t provide a clear direction regarding the size or timing of additional cuts. Additional easing in monetary policy was also signaled by the European Central Bank at their late July meeting. The bond market responded with lower rates in August as the 30-year bond’s yield fell to a record low just below 2%. This propelled the Bloomberg Barclays U.S. Treasury index up 3.4%, the largest monthly advance since November 2008.

Stronger economic data in retail sales, housing and the labor market, heavy corporate bond issuance and continued elevated consumer sentiment, pushed rates higher in early September. Rates reversed course in mid-September following the weekend attacks on Saudi Arabia’s oil infrastructure and weaker China data as 10-year yields declined from 1.90% to 1.67% at month-end.

The U.S. economy continues to grow moderately with mixed economic data creating volatility in the markets. In addition, global economic prospects remain uncertain as trade tensions make long range planning difficult for corporate managers. Easing monetary policies and low yields are prompting investors to search far and wide for incremental yield.

Security selection has become an important return component in this environment and drove excess returns in the portfolio. A marginal contributor to performance was our overweight to spread product in general and more specifically, the financial sector.

We remain constructive on corporates and structured products as reduced net supply provides technical support to those markets. However, ongoing risks such as trade wars, Brexit, military tensions in the Middle East and the fiscal deficit remain so we will continue to focus on high quality spread product within a diversified bond portfolio.

The information provided herein represents the opinion of the manager at a specific point in time and is not intended to be a forecast of future events, a guarantee of future results nor investment advice.
ABOUT KNIGHTS OF COLUMBUS ASSET ADVISORS

Knights of Columbus Asset Advisors, LLC (“KoCAA”), an SEC registered investment advisor, is the investment advisor to the Catholic Investor Funds and the investment arm of Knights of Columbus, the world’s largest Catholic fraternal organization. KoCAA manages the Knights’ insurance assets, totaling approximately $25 billion as of 09/30/2019. KoCAA also offers a suite of faith-based investment solutions that are managed in accordance with USCCB investment guidelines. For more information about KoCAA’s business operations, please consult the Firm’s Form ADV disclosure documents, the most recent versions of which are available on the SEC’s Investment Adviser Public Disclosure website at www.adviserinfo.sec.gov or call a KOCAA representative at 844-523-8637.

*Credit-quality ratings are measured on a scale that generally ranges from AAA (highest) to D (lowest). “NR” is used when a rating is not available. “U.S. Government” includes U.S. Treasury, U.S. Agency, and U.S. Agency mortgage-backed securities. Ratings are obtained from Barclays using ratings from Moody’s Investors Service, Fitch Ratings, and Standard & Poor’s. When ratings from all three agencies are available, the median rating is used. When ratings are available from two of the agencies, the lower rating is used.

**Bloomberg Barclays U.S. Aggregate Bond Index** — The U.S. Aggregate Bond Index is a broad-based flagship benchmark that measures the investment grade, U.S. dollar-denominated, fixed-rate taxable bond market.

**Lipper Core Bond** — Funds that invest at least 85% in domestic investment-grade debt issues (rated in the top four grades) with any remaining investment in nonbenchmark sectors such as high-yield, global, and emerging market debt.

This material must be preceded or accompanied by a current prospectus. Investors should read it carefully before investing or sending money.

Investing involves risk, including possible loss of principal. Bonds and bond funds are subject to interest rate risk and will decline in value as interest rates rise. High yield bonds involve greater risks of default or downgrade and are more volatile than investment grade securities, due to the speculative nature of their investments. Mortgage-backed securities are subject to prepayment and extension risk and therefore react differently to changes in interest rates than other bonds. Small movements in interest rates may quickly and significantly reduce the value of certain mortgage-backed securities. There is no guarantee that the investment objective will be achieved. Holdings are subject to change.

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