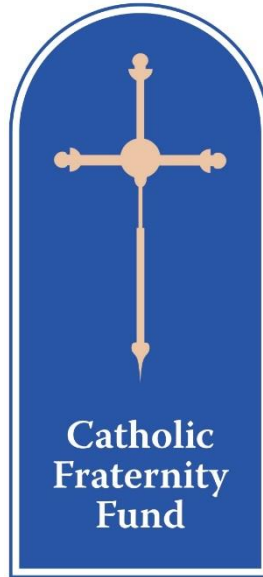


**DISCLOSURE STATEMENT
FOR
CATHOLIC FRATERNITY FUND, LLC**



INVESTMENT OPTIONS:

- ***INCOME EMPHASIS FUND***
- ***BALANCED FUND***
- ***EQUITY EMPHASIS FUND***

Catholic Fraternity Fund, LLC
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April 4, 2017

TABLE OF CONTENTS

	<u>Page</u>
NOTICES.....	ii
SUMMARY OF INVESTMENT OFFERINGS	1
RISK FACTORS	2
CATHOLIC FRATERNITY FUND, LLC	4
FUND TRANSITION.....	5
PARTICIPANT ELIGIBILITY	5
PARTICIPANT ACCOUNTS	6
THE FUNDS.....	8
INVESTMENT RISKS.....	9
INVESTMENT RESTRICTIONS.....	13
MANAGEMENT AND ADMINISTRATION	14
THE INVESTMENT ADVISOR	18
CUSTODY AND RECORD KEEPING.....	18
FEES	19
TAX MATTERS.....	19
LITIGATION.....	20
CHANGE OF TERMS AND CONDITIONS	20

EXHIBIT A – INVESTMENT ADVISOR, INVESTMENT ALLOCATIONS, AND PARTICIPANT ACCOUNT INVESTMENTS

EXHIBIT B – PARTICIPANT APPLICATION AND AGREEMENT

NOTICES

CATHOLIC FRATERNITY FUND OFFERS THE FUNDS (DEFINED BELOW) PURSUANT TO A CLAIM OF EXEMPTION FROM REGISTRATION UNDER THE PHILANTHROPY PROTECTION ACT OF 1995. A REGISTRATION STATEMENT RELATING TO THE FUNDS HAS NOT BEEN FILED WITH THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION (THE “SEC”). NEITHER THE SEC NOR ANY STATE SECURITIES COMMISSION HAS PASSED UPON THE VALUE OF, MADE ANY RECOMMENDATIONS AS TO PARTICIPATING IN, OR APPROVED OR DISAPPROVED THE OFFERING, OR PASSED UPON THE ADEQUACY OR ACCURACY OF THIS DISCLOSURE STATEMENT. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

NEITHER CATHOLIC COMMUNITY FOUNDATION, CATHOLIC FRATERNITY FUND, NOR THE FUNDS IS REGISTERED AS AN INVESTMENT COMPANY UNDER THE INVESTMENT COMPANY ACT OF 1940 OR AS AN INVESTMENT ADVISER UNDER THE INVESTMENT ADVISERS ACT OF 1940.

PARTICIPATION IN THE FUNDS IS SUBJECT TO CERTAIN RISK FACTORS DESCRIBED IN THIS DISCLOSURE STATEMENT.

THE FUNDS AND PARTICIPANT ACCOUNTS ARE NOT INSURED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION (THE “FDIC”) OR ANY OTHER GOVERNMENTAL AGENCY.

No person has been authorized to give any information or to make any representation not contained in this Disclosure Statement in connection with the Funds and, if given or made, such information or representations must not be relied upon as having been authorized by Catholic Fraternity Fund. This Disclosure Statement does not constitute an offering by Catholic Fraternity Fund in any jurisdiction in which such offering may not lawfully be made.

Each person who solicits contributions from participating organizations is a volunteer or is engaged in the overall fund-raising activities of the Catholic Community Foundation. Neither the Catholic Community Foundation nor Catholic Fraternity Fund pays commissions or other special compensation to any person to solicit participating organizations or based on the number or the value of contributions collected. Catholic Community Foundation, as administrator of the Funds, buys, holds and sells securities on behalf of the participating organizations solely through its corporate officers, employees and volunteers, or through brokers or dealers registered with the Securities and Exchange Commission.

SUMMARY OF INVESTMENT OFFERINGS

Catholic Fraternity Fund, LLC, a Texas limited liability company with a nonprofit purpose (“**Catholic Fraternity Fund**”), has been formed by The Catholic Community Foundation for the Roman Catholic Church of the Archdiocese of San Antonio, a Texas nonprofit corporation (“**Catholic Community Foundation**”), for the purpose of offering the following collective investment fund options (referred to, individually, as a “**Fund**” and, collectively, as the “**Funds**”):

- A Fund that consists of investments primarily in mutual funds that hold fixed income securities, but may also invest in commingled Catholic United Investment Trusts (as defined herein) holding US and international equity securities, mutual funds which focus on liquid alternative investments and exchange-traded funds that focus on exchange-traded real estate investment trusts (the “**Income Emphasis Fund**”),
- A Fund that consists of investments in a combination of mutual funds that hold fixed income securities, but may also invest in commingled Catholic United Investment Trusts holding US and international equity securities, mutual funds which focus on liquid alternative investments and exchange-traded funds that focus on exchange-traded real estate investment trusts (the “**Balanced Fund**”),
- A Fund that consists of investments primarily in a portfolio of commingled Catholic United Investment Trusts holding US and international equity securities, but may also invest in mutual funds that hold fixed income securities, mutual funds which focus on liquid alternative investments and exchange-traded funds that focus on exchange-traded real estate investment trusts (the “**Equity Emphasis Fund**”).

These Funds are offered by Catholic Fraternity Fund exclusively to, and are administered by the Catholic Community Foundation exclusively for, Catholic charitable organizations listed in the Official Catholic Directory (the “**Eligible Participants**”). Unless otherwise approved by Catholic Fraternity Fund, all Eligible Participants must be located in Texas. See “Participant Eligibility – Eligible Participants” on page 5. No Individuals or organizations that are not Catholic charitable organizations are eligible to participate.

Each participant account will be invested in accordance with the particular investment allocation for each Fund as set forth in **Exhibit A**, which consists of mutual funds and exchange-traded funds (“**ETFs**”) offered through Pershing, LLC and Catholic United Investment Trusts (“**CUITs**”) offered through Christian Brothers Investment Services (“**CBIS**”) (together, the “**Participant Account Investments**”). Each mutual fund, ETF or CUIT included in the Participant Account Investments is held in the name of Catholic Community Foundation, as administrator of the Funds, for the benefit of each participant. Each participating organization thereby is the beneficial owner of each mutual fund, ETF or CUIT in the participant’s account. Each mutual fund, ETF or CUIT, in turn, will invest in varying combinations of underlying asset portfolios, such as cash and cash equivalents, fixed income, equities and alternative investments. See **Exhibit A** attached to this Disclosure Statement for a description of the CUITs, ETFs and mutual funds that comprise the Funds.

Catholic Community Foundation is the sole member of Catholic Fraternity Fund and, in that capacity, serves as the administrator of the Funds.

Catholic Fraternity Fund has established policies described in this Disclosure Statement that are supportive of the policy recommendations presented by the Committee on Budget and Finance of the U.S. Catholic Bishops. See “Investment Restrictions” on page 13.

This Disclosure Statement contains information that you should know before deciding to participate, including certain risks described in “Risk Factors” beginning on page 2. You should read and retain this Disclosure Statement for future reference.

- Not FDIC or SIPC Insured
- Not a Bank Deposit
- No Catholic Community Foundation or Diocesan Guarantee

RISK FACTORS

General Investment Risks

The risk inherent to participating in the Funds includes risks common to any investment. The value of a participant account will fluctuate in response to changes in economic conditions, interest rates and the value of the investments held by the participant account. The value of a participant account that invests directly in one or more mutual funds, including money market mutual funds, ETFs or CUITs will depend upon the performance of those accounts or funds.

There can be no assurance that a participant account will achieve its investment objectives because there is uncertainty in every investment. There can be no assurance that the investments will produce a profit or that participants will not suffer losses to their principal, up to a maximum of their full investment.

See also the “Investment Risks” beginning on page 9.

Limited Operating History and Fund Transition

Catholic Fraternity Fund was formed on February 10, 2014, and began accepting investments in May of 2014. There is limited operating history for Catholic Fraternity Fund. As of December 31, 2016, the Funds have over \$13 million of assets in participant accounts.

For information with respect to the transition of the Funds, *see* “Fund Transition” on page 5.

The Funds Are Not Mutual Funds or Registered Investment Companies

The Funds are not mutual funds or registered with the Securities and Exchange Commission as investment companies under the Investment Company Act of 1940. Accordingly, the Funds do not follow all the policies and procedures or meet the regulatory requirements for mutual funds or registered investment companies.

The Regulatory Environment

Changes in state or federal laws, rules, or requirements regarding the sale of securities of charitable or other not-for-profit organizations or regarding how the Funds themselves may be regulated may or may not make it more difficult and costly for Catholic Fraternity Fund to offer the Funds. At any time after the date of this Disclosure Statement, legislation or additional regulations may be enacted that could negatively affect a Fund, securities held by a participant account or the issuers of such securities, which could result in a decrease in the value of the a participant account. Changing approaches to regulation may have a negative impact on the entities and/or securities in which a participant account is invested. In addition, participants may incur increased costs resulting from such legislation or additional regulation. There can be no assurance that future legislation, regulation or deregulation will not have a material adverse effect on a Fund or will not impair the ability of a participant to achieve its investment objective. There can be no assurance, therefore, that Catholic Fraternity Fund will continue to offer the Funds in the future.

Recent Market Conditions.

The financial crisis in the U.S. and global economies over the past several years, including the European sovereign debt crisis, has resulted, and may continue to result, in an unusually high degree of volatility in the financial markets, both domestic and foreign, and in the net asset values of many investment pools, including to some extent the Funds. Conditions in the U.S. and global economies have resulted, and may continue to result, in fixed income instruments experiencing unusual liquidity issues, increased price volatility and, in some cases, credit downgrades and increased likelihood of default. The financial condition of federal, state and local governments may be sensitive to market events, which may, in turn, adversely affect the marketability of notes and bonds they issue. Because the situation is widespread and largely unprecedented, it may be unusually difficult to identify both risks and opportunities using past models of the interplay of market forces, or to predict the duration of these market conditions. The severity or duration of these conditions may also be affected by policy changes made by governments or quasi-governmental organizations. These events could have significant adverse effects on the economy generally.

No Participation in Management

Catholic Fraternity Fund is a limited liability company, and its sole member, the Catholic Community Foundation, exercises exclusive control of the Catholic Fraternity Fund and the Funds. Participating organizations do not have any ownership rights or any right to participate in management.

The Funds Will Invest in Accordance With Roman Catholic Values

Catholic Fraternity Fund intends to balance the financial interests of the participants with the religious and other objectives of Catholic Fraternity Fund and the Roman Catholic Church (“**Church**”). The Funds are prohibited from making certain investments that would not be in accordance with the principles and precepts of the Church. Due to these restrictions, the return on securities and other assets in which the Funds invest may be lower than if the Funds made investments based exclusively on typical financial and other criteria. *See* “Investment Restrictions” beginning on page 13.

The Funds May Invest in Mutual Funds and Other Managed Funds.

The Funds may invest in public mutual funds, private investment funds or in securities portfolios that are separately managed by registered investment advisors, financial institutions or other institutions that invest in securities permitted for the Funds. There can be no assurance that such other funds or portfolios will follow all limitations and restrictions applicable to the Funds.

Unsecured and Uninsured Obligations

Each participant account will be an unsecured and uninsured obligation of Catholic Fraternity Fund payable exclusively from the assets of the participant’s account. Participant accounts are not insured by the FDIC or any other governmental agency.

Creditors of Affiliates

While the Catholic Fraternity Fund and Catholic Community Foundation are separate and distinct legal entities, it is possible that the creditors of the Catholic Community Foundation could seek recourse against Catholic Community Foundation’s membership interest in Catholic Fraternity Fund and/or the assets of Catholic Fraternity Fund.

Possible Emergency Conditions

Catholic Fraternity Fund may temporarily suspend the right to withdraw funds from a participant account when certain emergency conditions exist.

No Transfer, Resale or Assignment

Participant accounts may not be transferred, resold, assigned, or pledged to any person or organization unless the assignee is also an Eligible Participant, and then such an assignment will only be permitted with our consent.

The Funds are Not Guaranteed

Catholic Fraternity Fund is separate and distinct from the Catholic Community Foundation, the Archdiocese, the Church, and any other Roman Catholic organization. Our assets and liabilities, including the obligation to pay participants in the Funds upon requesting a withdrawal from their participant account, are exclusively ours and are not obligations of, or guaranteed by, the Catholic Community Foundation, Archdiocese, Church or any other person or entity. The obligation to pay participants in each of the Funds upon redemption is solely an obligation of each respective Fund. Any assets that are not specifically designated as assets of the participant account are not available to fulfill such payment obligations.

Participants Do Not Vote or Participate in Fund Management

The Catholic Community Foundation and the committees and officers it appoints control Catholic Fraternity Fund and the Funds. Participants have no voting rights and are not entitled to participate in the management of Catholic Fraternity Fund or the Funds.

We Reserve the Right to Change our Policies and Procedures

Various points in this Disclosure Statement describe our policies. These descriptions are intended to help you understand our current operations. If we change our policies or procedures, including our investment policies, there may be an adverse impact on a participant.

CATHOLIC FRATERNITY FUND, LLC

General

Catholic Fraternity Fund, LLC is a limited liability company with a nonprofit purpose that is organized and existing under the laws of the State of Texas. Catholic Fraternity Fund is organized and operated to further the purposes of its sole member, the Catholic Community Foundation, by providing one or more investment options maintained for the investment of Eligible Participants. See also “Management and Administration” beginning on page 14.

Catholic Community Foundation

Catholic Community Foundation is a nonprofit corporation organized and existing under the laws of the State of Texas, and an autonomous pious foundation organized under Canons 1303 and 114 of the Code of Canon Law. As an autonomous pious foundation it functions as a public juridic person within the Archdiocese of San Antonio. The canonical administrators of the foundation, who are the fiduciaries responsible for the management of its affairs and for its adherence to the provisions of the Code of Canon Law, are the Board of Directors. The purposes of the Catholic Community Foundation are to develop the financial resources necessary to support, serve and otherwise benefit the apostolic activities of the Church within and beyond the territorial boundaries of the public juridic person known as the Roman Catholic Archdiocese of San Antonio, as those boundaries currently exist or may exist in the future; to otherwise assist in serving the general needs of the clergy, parishes, religious and laity of the Archdiocese and those of central and south Texas, and to receive, manage, and safeguard funds and property necessary or useful to accomplish these purposes and for such other purpose or purposes allowed non-profit corporations under the laws of the State of Texas. Catholic Community Foundation is neither controlled nor governed by the Archdiocese of San Antonio and has no operational or oversight responsibility over the Archdiocese of San Antonio, its churches, employees, agents or institutions. The Archdiocese of San Antonio is supportive of the Catholic Community Foundation and its mission, however, and loaned unsecured seed money to start the Catholic Community Foundation. The Catholic Community Foundation’s most recent audited financial statements are available to Eligible Participants upon request.

Tax Matters

As a single-member limited liability company, Catholic Fraternity Fund is a “Disregarded Entity” for federal tax purposes. Under Treasury Regulation Section 301.7701, a “Disregarded Entity” is treated as an entity that is not separate from its single member. Therefore, although Catholic Fraternity Fund and Catholic Community Foundation are separate legal entities, Catholic Fraternity Fund will be disregarded and its activities will not be treated as separate from Catholic Community Foundation for federal tax purposes. See also “Tax Matters” beginning on page 19.

Catholic Community Foundation is qualified, and intends to qualify in the future, as a charitable organization exempt from federal income taxation as a charitable organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the “**Internal Revenue Code**”) through its inclusion in the United States Conference of Catholic Bishops group ruling and listing in the Official Catholic Directory. Such qualification relieves an organization of liability for federal income taxes. Catholic Community Foundation is not a private foundation as defined in Section 509(a) of the Internal Revenue Code.

The debts and liabilities of Catholic Fraternity Fund are solely its debts and are not guaranteed by Catholic Community Foundation or any other person or entity. Conversely, the debts and liabilities of Catholic Community Foundation are solely its debts and are not guaranteed by Catholic Fraternity Fund or any other person or entity.

The affairs of Catholic Fraternity Fund are governed by its operating agreement, which may be amended by its sole member, Catholic Community Foundation, at its sole discretion.

FUND TRANSITION

Catholic Fraternity Fund was formed on February 10, 2014, and began accepting investments in May 2014. As of December 31, 2016, Catholic Fraternity Fund had \$13,114,295 in participant accounts held in investment funds: income emphasis, balanced, and equity emphasis. In July 2016, the investment objectives, policies, restrictions and allocations utilized by Catholic Fraternity Fund were revised significantly. As of April 4, 2017 a slight modification was made to the Balanced Fund and Equity Emphasis Fund, removing the Lazard Fundamental Long/Short investment and increasing the AQR Equity Market Neutral investment. As a result, financial information with respect to the prior funds is of limited or no value in considering an investment in the current Funds offered by Catholic Fraternity Fund. Participants in the prior funds have received periodic statements and reports with respect to the prior funds. Prospective participants desiring additional information with respect to the prior funds may contact Catholic Fraternity Fund.

The information set forth in this Disclosure Statement, including the information contained in **Exhibit A** and the Terms and Conditions to Participation and Fee Schedule contained in **Exhibit B**, is with respect to the Funds after the transition from the prior funds.

PARTICIPANT ELIGIBILITY

The Funds are being offered by Catholic Fraternity Fund pursuant to an exemption from registration under the Philanthropy Protection Act of 1995 (“PPA”) and Section 3(c)(10)(B) of the Investment Company Act of 1940, as amended (“**Investment Company Act**”), which impose certain eligibility requirements for participants and the assets invested by participants in the Funds.

Eligible Participants

The Funds are available exclusively for participation by charitable organizations listed in the Official Catholic Directory that are investing assets described in Section 3(c)(10)(B) of the Investment Company Act. Unless otherwise approved by Catholic Fraternity Fund, all Eligible Participants must be located in Texas. Individuals and charitable organizations that are not Catholic charitable organizations are not eligible to participate.

Each participant must, at all times, be exempt from federal income taxation under Section 501(c)(3) or as a charitable organization described in paragraph (2) of Section 170(c) of the Internal Revenue Code. Individuals may not contribute funds to or otherwise participate in the Funds for their own account or benefit. Similarly, the net earnings of the Funds may not inure to the benefit of any private investor or individual. All financial benefits will be distributed exclusively to the Eligible Participants to be used solely for their tax exempt purposes, and participants must represent that the funds will be so used.

Eligible Assets

Due to restrictions imposed under federal and state securities laws, all funds contributed for participation in the Funds must be either (1) solely for participant’s own account and not for the account of any other person or organization (such as the general endowment fund or other funds of the participant), or (2) be contributed by participant in its capacity as a duly authorized trustee or other fiduciary with full power and authority to contribute to the Funds on behalf of a trust or pooled income fund described in one of the following:

- (a) assets of a pooled income fund meeting the requirements of Section 642(c)(5) of the Internal Revenue Code;
- (b) assets contributed to the participant in exchange for charitable gift annuities meeting the requirements of Section 501(m)(5) of the Internal Revenue Code;
- (c) assets of charitable remainder annuity trusts or charitable remainder unitrusts meeting the requirements of Section 664(d) of the Internal Revenue Code;

(d) assets of charitable lead trusts meeting the requirements of Section 170(f)(2)(B), 2055(e)(2)(B) or 2522(c)(2)(B) of the Internal Revenue Code; or

(e) assets of any trust in which the remainder interest is irrevocably dedicated to participant or to a charitable nonprofit organization exempt from federal income taxation under Section 501(c)(3) of the Internal Revenue Code or a charitable organization described in paragraphs (1) through (5) of Section 170(c) of the Internal Revenue Code.

A participant may not contribute assets of a revocable trust unless the participant is the settlor of that trust and funds the trust only with assets that are otherwise eligible for investment in the Funds. A participant also may not contribute assets attributable to a retirement plan providing for employee contributions or variable benefits.

The Funds are maintained exclusively for the investment and reinvestment of these eligible assets. Each participating organization must represent that the assets it is contributing meet these requirements. Catholic Fraternity Fund will rely on these representations for purposes of qualifying for certain exemptions from registration under state and federal securities laws. Each participating organization should contact Catholic Fraternity Fund if it has any questions as to whether it meets these requirements.

PARTICIPANT ACCOUNTS

Account Terms

Catholic Community Foundation, as administrator of the Funds, will maintain one or more accounts in the name of each organization that participates in the Funds. Each participant will contribute funds to its account, which will be invested according to the investment allocation of the Fund or Funds selected by the participating organization, as provided in **Exhibit A**. Each participant account will be unsecured and uninsured and is payable exclusively from the Participant Account Investments in such account. All Participant Account Investments in a participant account are held for the exclusive benefit of the eligible participant. All financial benefits of each participant account, after payment of fees and expenses, will be distributed exclusively to the eligible participant to be used solely for its tax-exempt purposes. Withdrawals are payable exclusively from the net assets of such participant account. Participant shall have no claim against or any right to payment from or any interest in any assets other than the particular Participant Account Investments held in the participant account. Net earnings of the Funds may not inure to the benefit of any private shareholder or individual. No assets of Catholic Fraternity Fund or Catholic Community Foundation have been or will be pledged as security or otherwise available for repayment of the participant accounts. Participant accounts may not be transferred, resold, or assigned to any person or organization unless the assignee is also an Eligible Participant, and then such an assignment will only be permitted with our consent. Catholic Fraternity Fund reserves the right to terminate its offering of the Funds and to terminate or change the terms of the participant accounts.

Participating organizations do not have any voting rights or any right to participate in the management of Catholic Fraternity Fund or the management of the Funds. The Funds do not pay cash dividends or make cash distributions to participants other than allowing withdrawals from the participant accounts.

A participant account is not a bank deposit and is not insured or guaranteed by the FDIC or any other government agency.

Each participant account is governed by the Terms and Conditions of Participation set forth in the Participation Application and Agreement attached as **Exhibit B** to this Disclosure Statement, which shall amend and supersede any and all terms and conditions set forth in any prior agreement with the participant. This Disclosure Statement provides notice of those amendments.

Opening an Account; Additional Contributions

A participant account may be opened by completing the attached application and mailing it to the address on the cover of this Disclosure Statement, together with a check payable to "Pershing, LLC" for an initial contribution of \$25,000 or more or an electronic funds transfer agreement executed approving an

initial transfer of that amount or more into an account designated by the Catholic Fraternity Fund. Once an account has been opened, additional contributions may be made in any amount. A confirmation of each contribution will be delivered to the participant. You should retain a copy of the confirmation for your records.

Catholic Fraternity Fund will not knowingly open a participant account or accept funds from participants unless the participant has received a Disclosure Statement and meets the other requirements to be an Eligible Participant. Participants seeking to open an account must advise Catholic Fraternity Fund in writing that they have received a Disclosure Statement. Catholic Fraternity Fund reserves the right to reject any funds or contributions. If Catholic Fraternity Fund deems it appropriate, additional documentation or verification of authority may be required.

Account Withdrawals

Participant account withdrawals are permitted on a daily basis, subject to applicable trade and clearance periods. However, participants must provide Catholic Fraternity Fund with written notification of a request for a withdrawal from a Fund. Withdrawals from the Funds will be processed and transfers made within seven business days following a withdrawal request.

Participant Account Investment Valuation

The value of each Participant Account Investment in a mutual fund, including a money market mutual fund, ETF or CUIT will be based upon the reported closing net asset value per share of that mutual fund, ETF or CUIT.

Account Statements

Each participant will receive a quarterly account statement from or on behalf of Catholic Fraternity Fund. Participating organizations should contact Catholic Fraternity Fund regarding any discrepancies or errors within thirty business days after the date of the account statement.

Annual Information

It is the policy of the Catholic Fraternity Fund to provide each participant with an updated Disclosure Statement at least annually, a copy of the annual audit report, if any, applicable to the Funds and periodic performance reports for the participant accounts.

Emergency Conditions; Account Termination or Suspension; In-Kind Distributions

Catholic Fraternity Fund reserves the right at any time to terminate, suspend or change the terms of the participant accounts.

Catholic Fraternity Fund may temporarily suspend the right to withdraw funds from a participant account when: (1) in the opinion of Catholic Fraternity Fund or Catholic Community Foundation, as administrator of the Funds, an emergency exists and it determines that it cannot dispose of investments or fairly determine their value or the withdrawal of funds or disposition of investments would be in violation of law, impractical or prejudicial to the participants in a Fund; or (2) the Securities and Exchange Commission or other state or federal regulatory authority or a court so orders.

In lieu of a cash withdrawal or cash distribution from a participant account, Catholic Fraternity Fund or Catholic Community Foundation, as administrator of the Funds, may at its discretion make an in-kind distribution of investment securities or other property held in a participant account based upon a good faith determination of the fair value of such securities or property to the extent such action is considered, or determined, to be necessary or appropriate in connection with the in-kind distribution.

Small Accounts

Because of the high cost of maintaining small accounts, Catholic Fraternity Fund discourages maintaining account balances below \$20,000. Participants will be notified if their account balances fall below this amount.

THE FUNDS

The objectives of the Funds, which Catholic Fraternity Fund will seek to achieve over three- to five-year market cycles, are as follows:

Income Emphasis Fund

The Income Emphasis Fund's primary objective is to preserve capital above inflation while providing income from interest and dividends. The Income Emphasis Fund invests primarily in mutual funds that hold fixed income securities, but may also invest in CUITs holding US and international equity securities, mutual funds which focus on liquid alternative investments and ETFs that focus on exchange-traded real estate investment trusts, as well as in cash and cash equivalents.

Balanced Fund

The Balanced Fund's primary objective is to grow the portfolio above inflation at a higher rate than the Income Emphasis Fund through a diversified portfolio. The Balanced Fund invests in a combination of mutual funds that hold fixed income securities, but may also invest in CUITs holding US and international equity securities, mutual funds which focus on liquid alternative investments and ETFs that focus on exchange-traded real estate investment trusts, as well as in cash and cash equivalents.

Equity Emphasis Fund

The Equity Emphasis Fund's primary objective is to grow the portfolio at a higher rate above inflation than the Balanced Fund through a diversified portfolio. The Equity Emphasis Fund invests primarily in a portfolio of CUITs holding US and international equity securities, but may also invest in mutual funds that hold fixed income securities, mutual funds which focus on liquid alternative investments and ETFs that focus on exchange-traded real estate investment trusts, as well as in cash and cash equivalents.

Participant Account Investments

Each participant account will be invested in accordance with the particular investment allocation for each Fund as set forth in **Exhibit A**. These Participant Account Investments consist of mutual funds and exchange-traded funds ("ETFs") offered through Pershing, LLC and Catholic United Investment Trusts ("CUITs") offered through Christian Brothers Investment Services. See **Exhibit A** for a description of the CUITs, ETFs and mutual funds that currently comprise the Funds. It is anticipated that Participant Account Investments may change from time to time at the discretion of Catholic Community Foundation, as administrator of the Funds.

Catholic Community Foundation, as administrator of the Funds, may purchase Participant Account Investments in aggregated investment blocks for the benefit of multiple participant accounts. Accordingly, each participant account may be credited with a fractional share of the mutual funds and CUITs purchased in an aggregated investment block. For ETFs which do not allow fractionalized shares, the number of shares credited to each participant account included in a block purchase may be rounded up or down to the nearest number of whole shares, as Catholic Community Foundation determines to be appropriate in its capacity as administrator of the Funds.

Dividends and distributions paid by a mutual fund, ETF or CUIT included in a Participant Account Investment will be reinvested. Any realized gains and losses are accounted for in adjustments to the cost basis of the participant's account. If monthly expenses exceed the monthly income of a participant's account, the excess expenses will be deducted proportionately from the cash or money market investments held in the participant's account.

The mutual funds, CUITs and ETFs included in the Participant Account Investments are each managed by one or more investment managers (as distinguished from the Investment Advisor (as defined herein) for the Funds) that will pursue applicable investment objectives in accordance with the investment guidelines, policies and restrictions set forth in the prospectus or offering memorandum for each mutual fund, CUIT and ETF. In addition, each mutual fund, CUIT and ETF is expected to provide or make periodic filings and reports as required by law or as provided in the applicable prospectus or offering memorandum.

The prospectus or offering memorandum for each mutual fund, ETF or CUIT is publicly available but also is available from the Catholic Fraternity Fund upon request.

INVESTMENT RISKS

General Investment Risks

There can be no assurance that participants will achieve their investment objectives since there is uncertainty in every investment. The Funds will invest in mutual funds, CUITs and ETFs that will go up and down in value. Only participants able to tolerate possibly substantial fluctuations in the value of their investment, brought about by declining security or commodity prices, should contemplate investment in the Funds. Although the Funds seek to reduce risk by investing in diversified portfolios of mutual funds, CUITs and ETFs, such diversification does not eliminate all risks. There can be no assurance that investments will produce a profit or that participants will not suffer losses, including loss of the entire principal amount invested. An investment in the Funds is not a bank deposit and is not insured or guaranteed by the FDIC, SIPC or any other government agency

Mutual Fund, ETF and CUIT Expense Risk

Each participant account may be invested in mutual funds, ETFs and CUITs. As the beneficial holder of these Participant Account Investments, each participant will bear its pro rata portion of the expenses, including advisory fees, of these mutual funds, ETFs and CUITs. These expenses are in addition to the fees a participant will pay in connection with its investment in the Funds.

Index Fund Risk

A mutual fund, ETF or CUIT that is based on a specific index, whether stock or otherwise, may not be able to replicate and maintain exactly the composition and relative weighting of securities in the index and also incurs certain expenses not incurred by its applicable index.

ETF Risk

The market value of shares of ETFs may differ from their net asset value.

Income Securities Risks

The value of the mutual funds, ETFs or CUITs that invest in fixed income securities will depend partially on the yield and total return of the underlying bonds held in such portfolio, which will further be dependent upon the quality and maturity of such obligations, as well as on other market conditions. In addition, such investments may be subject to certain other risks as set forth below:

Interest Rate Risk

Fixed income securities generally are considered to be interest rate sensitive. This means that their value will tend to decrease when interest rates rise and increase when interest rates fall. Shorter term bonds are less sensitive to interest rate changes, but longer term bonds generally offer higher current yields. Current yield levels should not be considered representative of yields for any future period of time. Interest rates currently are at historically low levels.

Credit (or Default) Risk

Fixed income securities are subject to issuer-specific risks, including the risk that an individual security may perform differently than the market as a whole due to the issuer's particular geography, industry, market sector, management decisions or other factors affecting the issuer. Issuers may suffer adverse changes in financial condition that could lower the credit quality of their securities, leading to greater volatility in the price of the security. Adverse changes in credit quality ratings of an issuer may affect the ability to sell that issuer's securities.

While U.S. government securities issued directly by the U.S. government are guaranteed by the U.S. Treasury, other U.S. government securities issued by an agency or instrumentality of the U.S. government may not be. Certain agencies and instrumentalities are supported only by the right of the issuer to borrow from the U.S. Treasury, while others are supported only by their own credit. No assurance can

be given that the U.S. government would provide financial support to its agencies or instrumentalities if not required to do so by law.

Prepayment Risk

Fixed income securities also are subject to prepayment risk, which is the risk that issuers may prepay principal before maturity. Prepayment risk typically increases the potential for losses in a rising interest rate environment and reduces the potential for gains during a declining interest rate environment. Since it is difficult to predict the impact of prepayment features on the price of a debt security, prepayment risk can result in greater volatility, could reduce the Funds' yields and cause a decline in the value of a Fund.

Liquidity Risk

Fixed income securities are subject to the risk that a particular investment may be difficult to purchase or sell or may be unable to be sold at an advantageous time or price or achieve its desired level of exposure to a certain sector. Liquidity risk may result from the lack of an active market, reduced number and capacity of traditional market participants to make a market in fixed income securities, and may be magnified in a rising interest rate environment or other circumstances where sales of fixed income securities may be higher than normal, causing increased supply in the market due to selling activity

High Yield Risk

Fixed income securities that are high yield securities or unrated securities of similar credit quality (commonly known as "junk bonds") are subject to greater levels of credit (or default), prepayment and liquidity risks. High yield securities are considered primarily speculative with respect to the issuer's continuing ability to make principal and interest payments, and may be more volatile than higher-rated securities of similar maturity.

Leveraging Risk

The risk that certain transactions into which an underlying mutual fund may enter, such as reverse repurchase agreements, loans of portfolio securities, and the use of when-issued, delayed delivery or forward commitment transactions, or derivative instruments, may give rise to leverage, magnifying gains and losses and causing the fund's securities to be more volatile than if it had not been leveraged. This means that leverage entails a heightened risk of loss.

Convertible Securities Risk

If the underlying mutual fund invests in convertible securities, as convertible securities share both fixed income and equity characteristics, they are subject to risks to which fixed income and equity investments are subject. These risks include equity risk, interest rate risk and credit risk

Mortgage-Backed Securities

Participant Account Investments may include mutual funds, ETFs or CUITs that invest in mortgage-backed securities that are issued or guaranteed by U.S. government agencies or instrumentalities, U.S. government sponsored enterprises or the full faith and credit of the U.S. government (e.g., Fannie Mae, Freddie Mac or GNMA). In effect, these securities "pass-through" the monthly payments that individual borrowers make on their mortgage net of allowed fees. In addition to interest, credit, and prepayment risk, the value of mortgage-backed securities may change because of actual or perceived changes in the credit worthiness of the originator, the servicing agent, the financial institution providing credit support, or the counterparty.

The relationship between mortgage prepayment and interest rates may give some high-yielding mortgage-backed securities less potential for growth in value than conventional bonds with comparable maturities. In addition, in the periods of falling interest rates, the rate of mortgage prepayment tends to increase. During such periods, the reinvestment of prepayment proceeds will generally be at lower rates than the rates that were carried by the obligations that have been prepaid. An unexpectedly high rate of defaults on the mortgages held by a mortgage pool may limit substantially the pool's ability to make payments of principal or interest to the holders of such subordinated securities, reducing the values of those securities or in some cases rendering them worthless; the risk of such defaults is generally higher in the case of mortgage pools that include so-called "subprime" mortgages. Because of these and other reasons,

a mortgage-backed security's total return may be difficult to predict precisely. If mortgage-backed securities are purchased at a premium, mortgage prepayments (which may be made at any time without penalty) may result in some loss of the principal investment to the extent of the premium paid.

Like other fixed income securities, when interest rates rise, the value of a mortgage-backed security generally will decline. However, when interest rates decline, the value of a mortgage-backed security with prepayment features may not increase as much as that of other fixed income securities.

Equity Securities Risks

The value of the mutual funds, ETFs and CUITs that invest in equity securities will depend upon the return of the underlying stocks held in such portfolio, which may decline in response to developments affecting individual companies or general economic conditions. Price changes may be temporary or may last for extended periods. Historically, stock prices have fluctuated in periodic cycles. In addition, such investments may be subject to certain other risks set forth below:

Stock Selection Risk

The value of the equity investments may decline regardless of overall market conditions if the particular companies do not perform well in the market.

Value Investing Risk

A portion of the investments in equity securities may seek to identify companies selling at a discount from their perceived true worth, as determined by the investment managers. This approach involves selecting stocks at prices that are, in the investment manager's view, temporarily low relative to the company's earnings, assets, cash flow and dividends. Value investing is subject to the risk that the stock's intrinsic value (as determined by the investment manager) may never be fully recognized or realized by the market, or their prices may go down. In addition, there is the risk that a stock judged to be undervalued may actually be appropriately priced.

Growth Investing Risk

A portion of the investments in equity securities may seek to identify growth companies that are expected to outperform other companies in their sector. The prices of growth stocks may be more sensitive to changes in current or expected earnings than prices of other stocks. The prices of growth stocks also may fall or fail to appreciate as anticipated, regardless of movements in the securities markets.

Momentum Style Risk

A portion of the investments in equity securities may seek to invest in or have exposure to securities with positive momentum, which entails investing in securities that have had above-average recent returns. These securities may be more volatile than a broad cross-section of securities. In addition, there may be periods during which the investment performance while using a momentum strategy may suffer.

Market Direction Risk

To the extent equity investment involve both long and short positions, this will involve market risks associated with different types of investment decisions than those made for typical "long only" holdings. As a result, such holdings could suffer both when there is a general market advance if significant "short" positions are held, or when there is a general market decline and significant "long" positions are held. In recent years, the markets have shown considerable volatility from day to day and even in intra-day trading.

Small-/Mid-Cap Securities Risk

Investments in or exposure to the stocks of companies with small- and mid- market capitalizations involve higher risks in some respects than do investments in stocks of larger companies. For example, prices of such stocks are often more volatile than prices of large capitalization stocks and are more likely to be adversely affected than large-cap companies by changes in earnings results and investor expectations or poor economic or market conditions, including those experienced during a recession. In addition, due to thin trading in some such stocks, an investment in these stocks may be more illiquid (i.e., harder to sell) than that of larger capitalization stocks. Smaller capitalization companies also fail more often than larger companies and may have more limited management and financial resources than larger companies.

Foreign Securities and Emerging Market Risks

Foreign securities are generally more volatile and less liquid than U.S. securities, in part because of greater political and economic risks and because there is less public information available about foreign companies. Issuers of foreign securities are generally not subject to the same degree of regulation as are U.S. issuers and securities markets. The reporting, accounting and auditing standards of foreign countries may differ, in some cases significantly, from U.S. standards. There are also risks related to fluctuations in foreign currencies; withholding or other taxes; and trading, settlement, custodial, and other operational risks.

Emerging markets are riskier than more developed markets because they tend to develop unevenly and may never fully develop. Investments in emerging markets may be considered speculative. Emerging markets are more likely to experience hyperinflation and currency devaluations, which adversely affect returns to U.S. investors. In addition, many emerging securities markets have far lower trading volumes and less liquidity than developed markets.

Currency Risk

As noted above, foreign securities are subject to risks related to the fluctuation of foreign currencies, which is the risk that foreign (non-U.S.) currencies will decline in value relative to the U.S. dollar and affect the investments in foreign (non-U.S.) currencies or in securities that trade in, and receive revenues in, or in derivatives that provide exposure to, foreign (non-U.S.) currencies

Derivatives Risk

The mutual funds, ETFs and CUITs included as Participant Account Investments may invest in derivative securities including, but not limited to futures, forwards, options, swaps and other derivative instruments. In general, a derivative instrument typically involves leverage, which can result in a loss substantially greater than the amount invested in the derivative itself. The use of derivative instruments also exposes an investment to additional risks and transaction costs. Furthermore, derivatives are subject to the risk that the fluctuations in their values may not correlate perfectly with the overall securities markets. Finally, to the extent an investment in a derivative instrument necessitates the segregation or “setting aside” of liquid assets or otherwise cover open positions with respect to certain derivative instruments, this may require the sale of securities to meet these asset segregation requirements, if a large percentage of assets are required to be segregated, this could negatively impact performance.

Forward and Futures Contract Risk

The primary risks associated with the use of forward and futures contracts, which may adversely affect performance are (a) the imperfect correlation between the change in market value of the securities held and the price of the forward or futures contract; (b) possible lack of a liquid secondary market for a forward or futures contract and the resulting inability to close a forward or futures contract when desired; (c) losses caused by unanticipated market movements, which are potentially unlimited; (d) the inability to predict correctly the direction of securities prices, interest rates, currency exchange rates and other economic factors; (e) the possibility that the counterparty will default in the performance of its obligations; and (f) if there is insufficient cash available to meet margin requirements this may result in the sale of securities at a time when it may be disadvantageous to do so.

Swap Agreements Risk

Swap agreements involve the risk that the party with whom the swap has been entered will default on its obligation. Additionally, certain unexpected market events or significant adverse market movements could result in the not holding enough assets to be able to meet the obligations under the agreement, which could adversely impact performance and could result in losses.

Counterparty Risk

Many of derivative contracts are privately negotiated in the over-the-counter market. If a counterparty's creditworthiness declines, the counterparty may not be able to make payments when due, or such payments may be delayed under such circumstances and the value of agreements with such counterparty can be expected to decline, potentially resulting in losses.

Short Sale Risk

To the extent an underlying mutual fund enters into short sales, the fund will be exposed to the risk of the potential loss of more money than the actual cost of the investment, and the risk that the third party to the short sale may fail to honor its contract terms, causing a loss to the underlying mutual fund.

Model and Data Risk

Given the complexity of the investments and strategies of the mutual funds, ETFs and CUITs included in Participant Account Investments, to the extent such strategies rely heavily on quantitative models and information and data supplied by third parties, when models and data prove to be incorrect or incomplete, any decisions made in reliance thereon expose the investments to potential risks. Similarly, any hedging based on faulty models and data may prove to be unsuccessful. Furthermore, all models rely on correct market data inputs. If incorrect market data is entered into even a well-founded model, the resulting information will be incorrect. However, even if market data is input correctly, “model prices” will often differ substantially from market prices, especially for instruments with complex characteristics, such as derivative instruments.

Commodity Sector Risk

Exposure to the commodities markets may subject investments to greater volatility than investments in traditional securities. The value of commodity-linked derivative instruments may be affected by changes in overall market movements, commodity index volatility, changes in interest rates, or factors affecting a particular industry or commodity, such as drought, floods, weather, livestock disease, embargoes, tariffs and international economic, political and regulatory developments. The prices of energy, industrial metals, precious metals, agriculture and livestock sector commodities may fluctuate widely due to factors such as changes in value, supply and demand and governmental regulatory policies. Commodity-linked securities may be issued by companies in the financial services sector, and events affecting the financial services sector may cause the value of such investments to fluctuate.

Real Estate Investment Trust Risk

Investments in ETFs that focus on exchange-traded real estate investment trusts (REITs) will be concentrated on investments in the real estate industry and/or real property. As a result, the stocks of REITs will decline because of adverse developments affecting the real estate industry and real property.

Money Market Mutual Fund Risk

Although a money market fund is designed to be a relatively low risk investment, it is not free of risk. Despite the short maturities and high credit quality of a money market fund’s investments, increases in interest rates and deteriorations in the credit quality of the instruments the money market fund has purchased may reduce the money market fund’s yield and can cause the price of a money market security to decrease. In addition, a money market fund is subject to the risk that the value of an investment may be eroded over time by inflation. Investments in money market funds are not a deposit and are not FDIC insured.

INVESTMENT RESTRICTIONS

Catholic Community Foundation, as administrator of the Funds, intends to invest in a morally responsible manner while simultaneously accomplishing the investment objectives as outlined above. This dual aim is mandated by the Catholic Fraternity Fund’s Roman Catholic identity, tempered by management’s understanding of the concept of stewardship, and guided by prevailing civil law, tradition, and fiduciary responsibilities. The latter requires that the investment objectives will be the dominating motive in investment decisions. However, management is fully supportive of the policy recommendations presented by the Committee on Budget and Finance of the U.S. Catholic Bishops. The Catholic Community Foundation and Catholic Fraternity Fund will make every effort to comply with these recommendations with the goal that at least 99% of the total value of the Participant Account Investments will not be invested in companies that engage in:

- the manufacture of abortifacient drugs, contraceptive devices or the operation of health care facilities or physician management organizations that provide abortion services;
- scientific research on human fetuses or embryos that:
 - results in the end of pre-natal human life;
 - makes use of tissue derived from abortions or other life-ending activities; or
 - violates the dignity of a developing person;
 - Specific activities covered by the policy include, but are not limited to:
 - embryonic stem cell research; and
 - fetal tissue research or stem cell research derived from embryo and human cloning;
- the production of nuclear, chemical, or biological weapons or the holding of major contracts for military weapons;
- the production of land mines;
- the production, sale, or distribution of pornography; and
- any corporation whose operation does not serve a useful social purpose consistent with Catholic moral teachings.

The Funds may from time to time exclude companies or other underlying investments on the grounds that they are engaged in morally unacceptable behavior. These proscriptions include engaging in commerce contrary to the mission or philosophy of the Catholic Fraternity Fund, Catholic Community Foundation, and the Church.

These restrictions apply at the time an investment is made and any investment will be periodically reviewed thereafter. Accordingly, at any given time, investments may be made in one or more securities that do not meet the above criteria. Upon a determination that an investment no longer meets the above criteria, the investment will be sold, unless the Board of Directors and the Investment Committee determines that continuing to hold the security for a period of time best fulfills our responsibilities to the participants in the applicable Fund.

In an effort to make investments that are consistent with the principles described above, certain securities will not be purchased, and may be sold, even if such investments would otherwise be consistent with the respective investment objectives. This may impact the relative financial performance as compared to performance that may have been achieved if the socially conscious investment restrictions had not been followed.

From time to time, Catholic Community Foundation, as administrator of the Funds, may select additional or different restrictions on investments in securities that it determines to be inconsistent with Church values.

MANAGEMENT AND ADMINISTRATION

Catholic Fraternity Fund Management

Catholic Fraternity Fund is managed by its sole member, Catholic Community Foundation, pursuant to the terms of the Company Agreement of Catholic Fraternity Fund, LLC dated February 4, 2014 (the “**Company Agreement**”). The Company Agreement grants Catholic Community Foundation, as the sole member, certain powers as to the management of Catholic Fraternity Fund. Such powers are summarized below.

- Catholic Community Foundation has all powers necessary or advisable to carry out the administration, management and maintenance of the Funds including but not limited to the powers to: (a) buy, hold, sell or trade in securities for its own account in its capacity as administrator of, or otherwise on behalf of or for the account of, Catholic Fraternity Fund, and the Funds and any contributor to or participant in the Funds; (b) retain the services of investment advisors, portfolio managers, custodians, agents, banks, brokers, accountants and other service providers; and (c) hold and otherwise deal with all contributions to the Funds and with such other assets as may be acquired by or contributed to Catholic Fraternity Fund.

- Catholic Community Foundation may appoint, employ, or otherwise contract with any persons for the performance of services, including administrative services, for or on behalf of Catholic Fraternity Fund or the Funds, and Catholic Community Foundation may delegate to any person (who may be designated an officer of Catholic Fraternity Fund) any authority to act on behalf of Catholic Fraternity Fund as Catholic Community Foundation may from time to time deem appropriate.
- Catholic Community Foundation will, at all times, either serve as administrator of the Funds or have the power to remove any other administrator selected, retained or appointed by Catholic Community Foundation and to designate a new administrator.
- The Company Agreement may be amended at any time by Catholic Community Foundation.

Catholic Community Foundation Management

Catholic Community Foundation is managed by a Board of Directors which constitutes the governing and policy setting body of the Foundation and acts as the canonical administrator. The Board of Directors has the duty, the power and the authority to oversee and safeguard the Catholic identity of the Foundation and is responsible for the financial welfare, wellbeing and proper and efficient administration of the Foundation. Such powers and duties are summarized below.

- The Board serves as the guardian of the Foundation’s purposes, and executes its duties in a manner consistent with its organizational and constitutional documents.
- The Board establishes and/or coordinates its efforts through committees in order to efficiently manage and carry out its activities including, but not limited to, an Investment Committee, an Audit Committee, a Development Committee and a Grants Committee.
- The Board reviews, and approves as deemed appropriate by the Board, all recommendations, financial plans, policies and investment guidelines of the Foundation. This includes establishing, reviewing, and monitoring financial results, budgets, audits, funding requirements, investments, and recommended allocations and distributions of funds.
- The Board ensures that comprehensive, effective strategic and financial planning is completed and shall evaluate the progress towards achievement of such planning goals.

Administration of the Funds

The Company Agreement grants Catholic Community Foundation all powers necessary or advisable to carry out the administration, management and maintenance of the Funds.

On behalf of the Catholic Community Foundation, the Catholic Community Foundation’s Board of Directors (“**Board of Directors**”) has established and oversees the investment policies, objectives and restrictions of the Funds. The Catholic Community Foundation Investment Committee (the “**Investment Committee**”) provides information and recommendations to the Board of Directors for its consideration. The Catholic Community Foundation has also appointed a President and Chief Executive Officer for Catholic Fraternity Fund to act as the Catholic Community Foundation’s agent with respect to the Catholic Fraternity Fund and the Funds themselves, and the exercise of all powers of the Catholic Community Foundation with respect thereto.

Catholic Community Foundation Board of Directors

The Board of Directors is responsible for (1) approving the procedures for the management of the Funds; (2) approving the type and number of investment funds; (3) approving the investment allocation ranges for the Funds; (4) approving the investment advisors used to manage the Funds; and (5) approving changes to the investment policies. The Board of Directors also is responsible for overseeing the implementation of the investment policies, objectives and restrictions applicable to the Funds. The Board of Directors meets at least semi-annually.

The following persons currently serve as members of the Board of Directors:

Stephen M. Dufilho. Mr. Dufilho is a member of the Board of Trustees of the Catholic Community Foundation, and is currently serving as Chairman. He is a Principal with Goldsmith, Fillis & Dufilho Capital Partners, LLC and the President of Expedition Holdings, Inc. He held the position of Chairman/CEO of The Trust Company for three years, the position of Chairman/CEO of BBVA Company San Antonio (formerly Bank of San Antonio) for 20 years, and the position of Managing Partner of Quincy Lee Interests for five years. He also held various positions at Frost National Bank of San Antonio for 18 years. He has served as a member and co-founder of Financial Executive Institute San Antonio Chapter, a member of Legatus, a member and co-founder of San Antonio Business & Economic Society, a member of Texas Society of C.P.A.'s San Antonio Chapter, a member of American Institute of C.P.A.'s, a member of Texas Society of C.P.A.'s, and a member of Towne Club. He has held various board positions with Ascension Health, Cancer Therapy Research Center, Christus Santa Rosa Children's Hospital Foundation, Christus Santa Rosa Health Care, Club Giraud, Invictus Medical, KLRN Public Television, Marathon Title Company, Mastrapasqua Asset Management, Rapamycin Holdings, Inc., St. Mary's University, St. Mary's University's Bill Greehey School of Business, St. Mary's University Holdings, Inc., St. Pius X Catholic Church, Texas Healthcare Trustees, Texas Research and Technology Foundation, T3DC, University of St. Thomas, Houston, Texas, and University of Texas Health Science Center. Mr. Dufilho holds a B.A. in economics from the University of St. Thomas, Houston, Texas, a M.A. in economics from St. Mary's University, San Antonio, Texas, and is a certified public accountant.

Ray E. Berend, CPA. Mr. Berend is a member of the Board of Trustees of the Catholic Community Foundation, and currently serving as its Vice Chair. He is also on the Catholic Community Foundation Audit Committee serving as its Chair. Mr. Berend is currently retired, after a career with Padgett, Stratemann & Co., L.L.P. as one of its founding partners and served as the firm's managing partner until July 31, 2008. He has served on the Board of Directors for the San Antonio Medical Foundation, the Daughters of Charity Services of San Antonio, the North San Antonio Chamber of Commerce, the United Way Legacy Foundation and the San Antonio Economic Development Foundation. Mr. Berend is a certified public accountant, and holds a BBA degree from St. Mary's University.

George J. Person. Mr. Person is a member of the Board of Trustees of the Catholic Community Foundation, and currently serving as Secretary. Mr. Person is an attorney in private practice specializing in energy, oil, gas and mineral law. He is the founder and Senior Partner of the firm of Person, Whitworth, Borchers & Morales. He has served as President of the Laredo-Webb County Bar Association, a former member of the Council of the Natural Resources Section of the State Bar of Texas, a former member of the Board of Trustees of both the Laredo Independent School District and the Laredo Junior College and a former member of an advisory board at Texas A&M University in Laredo, Texas. Mr. Person received his undergraduate degree from Rice University and his law degree from the University of Texas at Austin, Texas.

Eric Opiela. Mr. Opiela is a member of the Board of Trustees of the Catholic Community Foundation, and currently serving as its Treasurer. Mr. Opiela is an attorney specializing in real estate and property rights, and owns and operates a 2,300 acre ranch in Karnes, Bee and Live Oak Counties, Texas. He is also a Director and Chairman of the Eminent Domain Committee of the South Texans' Property Rights Association. Mr. Opiela served as the Executive Director of the Republican Party of Texas from 2008-2009, and currently is its Associate General Counsel. He was the elected Chairman of the Karnes County Republican party for four years, and also represented Senate District 21 on the Texas State Republican Executive Committee for two terms. Mr. Opiela was the founding President of the Karnes City Independent School District Education Foundation and currently serves on its Board of Directors. Mr. Opiela graduated with honors from the University of Texas at Austin, where he was the elected student body vice president and earned his law degree from the University of Texas School of Law.

Steve Oswald. Mr. Oswald is currently the Chief Executive Officer and President of the Catholic Community Foundation. He served with various nonprofit organizations in San Antonio, Texas including Haven for Hope, Seton Home, Catholic Cemeteries of San Antonio, the Alamo, St. Peter – St. Joseph Children's Home, Prevent Blindness and the San Antonio Opera. Mr. Oswald retired after a long career with AT&T in various positions mostly in finance and accounting. He currently is a volunteer with VITA. Mr. Oswald is a certified public accountant earning his BS in Business Administration (Accounting) from

Marquette University and his MBA (with a specialty in Finance) from Rutgers University. Mr. Oswald is an *ex-officio* member of the Board of Directors.

Most Reverend Gustavo García-Siller, M.Sp.S. Most Reverend García-Siller is the Archbishop of San Antonio, Texas. He was previously the Auxiliary Bishop of Chicago, Illinois, for seven years. He is a priest for the Missionaries of the Holy Spirit. Most Reverend García-Siller is an *ex-officio* member of the Board of Directors and the Board of Trustees of the Catholic Community Foundation.

Rev. Martin J. Leopold. Rev. Leopold is an *ex-officio* member of the Board of Trustees and the Board of Directors of the Catholic Community Foundation, and is the Moderator of the Curia Archdiocese of San Antonio. He previously held positions as a Pastor and Administrator for the Archdiocese of San Antonio. He has served as a board member for San Fernando Health Center of San Antonio, Historic Center Foundation, Old Spanish Missions Inc., MCSP, Inc., CYO Athletics, Inc., Catholic Cemeteries of San Antonio, Assumption Seminary, St. Peter – St. Joseph Children’s Home, Seton Home, Seton Home Endowment Fund, Good Shepherd Network, John Paul II Catholic School, and Rolling Hills School. Rev. Leopold holds a Bachelor’s Degree in Philosophy from Athenaeum Regina Apostolorum in Rome, a Master of Divinity from Oblate School of Theology in San Antonio, and a Licenciature in Canon Law from the Catholic University of the America in Washington, DC.

Catholic Community Foundation Investment Committee

The Investment Committee is responsible for (1) reviewing and recommending investment advisors and investment managers for the Funds; (2) reviewing and recommending Participant Account Investments; (3) reviewing and recommending investment policies and procedures; and (4) reviewing and recommending fees for managers. These responsibilities include, without limitation, (a) recommending the type and number of investment funds to the Board of Directors; (b) recommending the investment allocation ranges; (c) reviewing the investment portfolio of the Funds for compliance with the investment policies; and (d) recommending changes to the investment policies. The Investment Committee also is responsible for the oversight and implementation of the investment restrictions applicable to the Funds. The Investment Committee meets at least quarterly.

The following persons currently serve as members of the Investment Committee:

Martha D. Leiper. Ms. Leiper is a member of the Board of Trustees of the Catholic Community Foundation, and is currently serving as the Catholic Community Foundation Investment Committee Chair. She is currently the Senior Vice President, Corporate Finance and Enterprise Money Movement for USAA in San Antonio, Texas. She holds a BA in Finance and an MBA, both from the University of Tennessee Chattanooga. Prior to her current position at USAA she served as Senior Vice-President and Chief Investment Officer. For the ten years prior to serving in that position she was Senior Vice-President and Deputy Chief Investment Officer for Unum Group based in Chattanooga, Tennessee. Ms. Leiper holds designation as a Chartered Financial Analyst, Certified Public Accountant and Fellow, Life Management Institute.

Mike Ciskowski. Mr. Ciskowski is a past member of the Board of Trustees of the Catholic Community Foundation. Mr. Ciskowski is currently the Executive Vice President and Chief Financial Officer of Valero Energy Corp. Mr. Ciskowski holds BBA and MBA degrees from Central State University.

Richard C. Dietz. Mr. Dietz is a past member of the Board of Trustees of the Catholic Community Foundation. Mr. Dietz is currently retired after having served most recently as the Senior Vice President Investor Relations for AT&T, Dallas, Texas. Mr. Dietz previously held various officer positions with AT&T, Dallas, Texas and he was also the contract administrator for Emerson Electric in St. Louis, Missouri. He has served on the Board of Directors for the American Red Cross, Dominion Homeowners Association, and the San Antonio Symphony. Mr. Dietz holds a B.A. in engineering from Case Western University and an M.B.A. from Washington University.

Stephen M. Dufilho. See “Catholic Community Foundation Board of Directors” above.

Deacon Harry M. Flavin. Deacon Flavin is a member of the Board of Trustees of the Catholic Community Foundation, and is currently a principal with Matterhorn Capital Management, L.L.C. He previously held the position of CEO/CIO of Austin, Calvert & Flavin for 18 years, the position of portfolio manager for Daniel Beson & Co for five years, the position of research analyst for Merrill Lynch for four years, the position of research analyst for Rotan Mosle for ten years, and an assistant position for Rock Island Refining for one year. He has held various board positions with Matterhorn Capital Management, L.L.C., Waddell & Reed, Inc., Austin, Calvert & Flavin, Inc. and Rotan Mosle, Inc. Mr. Flavin holds a B.S. in chemical engineering from the University of Texas and a MBA from Wharton School of Finance, University of Pennsylvania and is related to one of the employees of Sendero Wealth Management, LLC, our investment advisor.

Michael C. Gillespie. Mr. Gillespie currently serves as Director of Sales for Denim Group, one of the nation's leading Cybersecurity firms. He is Chairman, Finance Committee and Treasurer, Board of Director at Assumption Seminary. He is a graduate of Wichita State University and holds a B.A. in International Business and Economics.

Mark Mays. Mr. Mays is currently retired after having served most recently as the Chairman of the Board of Clear Channel Communications. Mr. Mays held varying positions of increasing authority at Clear Channel Communications and its affiliates from 1989 through 2013, including Chairman, CEO, President, CFO and Treasurer, and continues to be a member of its board of directors. Mr. Mays is also a part owner of Sendero Wealth Management, LLC, our investment advisor. Mr. Mays holds a BA degree in Economics and Math from Vanderbilt University, and an MBA in Finance and Accounting from Columbia University.

Steve Oswald. See "Catholic Community Foundation Board of Directors" above.

Catholic Fraternity Fund President and CEO

The Catholic Community Foundation has appointed Steve Oswald to serve as President and Chief Executive Officer of the Catholic Community Fund. See "Catholic Community Foundation Board of Directors" above.

THE INVESTMENT ADVISOR

Catholic Community Foundation, as administrator of the Funds, has retained Sendero Wealth Management, LLC ("**Investment Advisor**"), as a financial consultant for the Funds. The Investment Advisor is a registered investment advisor under the Investment Advisers Act of 1940, as amended. The Investment Advisor provides consulting services, including the provision of general investment advice in accordance with the investment objectives, policies and restrictions described in this Disclosure Statement under the terms of an Investment Advisory Agreement between the Investment Advisor and Catholic Community Foundation ("**Investment Advisory Agreement**"). The Investment Advisor also recommends investment managers or funds for the different elements of the investment portfolios held by the Funds. Under the terms of the Investment Advisory Agreement, the Investment Advisor does not, however, have discretionary authority to act on behalf of the Catholic Community Foundation or the Catholic Fraternity Fund. The Investment Advisor may retain one or more sub-advisors or managers, directly or indirectly, and these sub-advisors and managers may or may not have discretionary authority to act on behalf of the Catholic Fraternity Fund depending on the terms of the engagement. The Investment Advisor provides detailed monthly asset and transaction reports, and quarterly performance reports to Catholic Fraternity Fund, either directly or through the custodian that holds the assets of the Funds. Each participant will pay its pro rata portion of the Investment Advisor's fee from its participant account.

CUSTODY AND RECORD KEEPING

Pershing, LLC and Christian Brothers Investment Services ("**Custodians**") serve as custodians for the Participant Account Investments pursuant to a Directed Agency, Custody and Administration

Agreement between the Custodians and the Catholic Community Foundation, as administrator of the Funds (“**Custody Agreements**”). Pershing, LLC will serve as custodian for Participant Account Investments consisting of mutual funds, including money market funds, and ETFs and Christian Brothers Investment Services will serve as custodian for Participant Account Investments consisting of CUITs.

FEES

Fees for Catholic Fraternity Fund’s investment management, the Investment Advisor and the Custodians are accrued monthly in arrears and deducted from each participant’s account on a monthly basis on the fee schedule attached to the Participant Application and Agreement attached as **Exhibit B** to this Disclosure Statement. For purposes of determining the fee payable by a participant, the applicable percentage and the account value are determined based on the net fair market value of the account as of the close of business on the last business day of each calendar month. The fee schedule is tiered, with the applicable fee percentage decreasing as the account value increases, each at the increments noted in the fee schedule. Fees for new accounts are pro-rated for the month in which the account is opened. We have a different fee schedule for participants that are not part of the Roman Catholic Archdiocese of San Antonio.

The Catholic Fraternity Fund is authorized to charge fees to the account on the last day of each month and to debit any cash or money market balances attributable to the account in payment of those fees, and if the account does not have sufficient cash or money market balances to cover the fees, then the Catholic Community Foundation, as administrator of the Funds, is authorized to sell Participant Account Investments in an amount necessary to satisfy the balance owed.

The Catholic Fraternity Fund reserves the right to modify these fees and billing procedures from time to time upon reasonable notice to the participant.

Mutual funds, ETFs and CUITs in which a participant account is invested will also charge fees and expenses, which are described in the applicable prospectus or offering memorandum for each such investment. These fees will be deducted from a participant’s holdings in such mutual fund, ETF or CUIT.

TAX MATTERS

Catholic Community Foundation is qualified, and intends to qualify in the future, as a charitable organization exempt from federal income taxation under Section 501(c)(3) of the Internal Revenue Code. Such qualification relieves an organization of liability for federal income taxes. Catholic Community Foundation is not a private foundation as defined in Section 509(a) of the Internal Revenue Code.

Catholic Fraternity Fund is a limited liability company organized under the laws of Texas. Catholic Fraternity Fund has a single member, Catholic Community Foundation. As a single-member limited liability company, Catholic Fraternity Fund is a “Disregarded Entity” for federal tax purposes. Under Treasury Regulation Section 301.7701, a “Disregarded Entity” is treated as an entity that is not separate from its single member. Therefore, although Catholic Fraternity Fund and Catholic Community Foundation are separate legal entities, Catholic Fraternity Fund will be disregarded and its activities will not be treated as separate from Catholic Community Foundation for federal tax purposes.

Withdrawals from participant accounts generally will not be taxable as income to participants because each participating organization is required to be exempt from federal income taxes.

Organizations that are otherwise exempt from U.S. federal income tax are nonetheless subject to taxation with respect to their “unrelated business taxable income” (“**UBTI**”). UBTI generally includes income or gain derived from a trade or business, the conduct of which is substantially unrelated to the exercise or performance of the organization’s exempt purpose or function. UBTI generally does not include

passive investment income, such as dividends, interest and capital gains, whether realized by the organization directly or indirectly through a partnership in which it is a partner. Accordingly, it is our intention that participants in the Funds not realize UBTI with respect to an unleveraged investment in the Funds. However, participants should consult their own tax advisors concerning the tax consequences of an investment in the Funds.

The foregoing is only a short summary of some of the important federal income tax considerations generally affecting the participating organizations. Participants should consult their tax advisors with respect to their own tax situation and the application of state and local taxes, which may have different consequences from those under federal income tax law. This discussion of federal income tax consequences was written to support the promotion or marketing of the Funds and is not intended or written to be used, and cannot be used, by any taxpayer for the purpose of avoiding tax penalties. Each prospective participant is advised to consult the participant's own tax counsel or advisor as to the federal, state and local income tax consequences of participating in the Funds. If the law creating the tax consequences described in this summary changes, this summary could become inaccurate. This summary is based on the Internal Revenue Code, the regulations promulgated under the Code and administrative interpretations and court decisions existing as of the date of this Disclosure Statement. These authorities could be changed either prospectively or retroactively by future legislation, regulations, administrative interpretations, or court decisions. Accordingly, this summary may not accurately reflect the tax consequences of an investment made after the date of this Disclosure Statement. In addition, this summary does not address every aspect of tax law that may be significant to your particular circumstances.

LITIGATION

At the date of this Disclosure Statement, there were no material suits, actions, or other legal proceedings or claims pending against Catholic Community Foundation, Catholic Fraternity Fund, or the Funds.

CHANGE OF TERMS AND CONDITIONS

Except as otherwise stated in this Disclosure Statement or required by law, Catholic Fraternity Fund reserves the right to change the terms described in this Disclosure Statement, including the right to terminate any Fund or investment option; to change investment policies and restrictions; to impose or change fees; and to change any service provider.

Each participant account in the Funds shall be governed by the Terms and Conditions of Participation set forth in the Participant Application and Agreement attached as **Exhibit B** to this Disclosure Statement, which shall amend and supersede any and all terms and conditions set forth in any prior agreement with the participant. This Disclosure Statement provides notice of such amendments.

EXHIBIT A
INVESTMENT ADVISOR, INVESTMENT ALLOCATIONS
AND PARTICIPANT ACCOUNT INVESTMENTS

Investment Advisor

Sendero Wealth Management, LLC serves as the Investment Advisor to Catholic Fraternity Fund. The Investment Advisor is a registered investment advisor under the Investment Advisers Act of 1940, as amended. The Investment Advisor provides consulting services, including the provision of general investment advice in accordance with the investment objectives, policies and restrictions described in this Disclosure Statement. The Investment Advisor also recommends investment managers or funds for the different elements of the investment portfolios held by the Funds. The Investment Advisor does not, however, have discretionary authority to act on behalf of the Catholic Community Foundation or the Catholic Fraternity Fund. The Investment Advisor may retain one or more sub-advisors or managers.

Liz Crawford is a Managing Director at Sendero Wealth Management and is a member of the Sendero Investment Committee. Ms. Crawford has been advising institutions and families in asset allocation and manager selection in San Antonio, TX since 2003. Prior to that she spent eight years working with investment managers, including the nation's second largest value manager in Dallas, TX. Ms. Crawford has a Bachelor of Arts in Psychology from Boston University and is an active member of the community, serving on several non-profit boards. Ms. Crawford does not act directly as an investment manager.

INVESTMENT ALLOCATIONS

Income Emphasis Fund Allocation

The Income Emphasis Fund invests primarily in mutual funds that hold fixed income securities, but may also invest in CUITs holding US and international equity securities, mutual funds which focus on liquid alternative investments and ETFs that focus on exchange-traded real estate investment trusts, as well as in cash and cash equivalents.

Income Emphasis

Asset Class	Overall Weight
Cash	1%
Fixed Income	44%
Market Neutral	25%
Domestic Equity	17%
International Equity	10%
Real Estate	3%
Grand Total	100%

Balanced Fund Allocation

The Balanced Fund invests in a combination of mutual funds that hold fixed income securities, but may also invest in CUITs holding US and international equity securities, mutual funds which focus on liquid alternative investments and ETFs that focus on exchange-traded real estate investment trusts, as well as in cash and cash equivalents.

Balanced

Asset Class	Overall Weight
Cash	1%
Fixed Income	34%
Market Neutral	17%
Domestic Equity	26%
International Equity	15%
Real Estate	5%
Managed Futures	2%
Grand Total	100%

Equity Emphasis Fund Allocation

The Equity Emphasis Fund invests primarily in a portfolio of CUITs holding US and international equity securities, but may also invest in mutual funds that hold fixed income securities, mutual funds which focus on liquid alternative investments and ETFs that focus on exchange-traded real estate investment trusts, as well as in cash and cash equivalents.

Equity Emphasis

Asset Class	Overall Weight
Cash	1%
Fixed Income	19%
Market Neutral	14%
Domestic Equity	35%
International Equity	20%
Real Estate	8%
Managed Futures	3%
Grand Total	100%

PARTICIPANT ACCOUNT INVESTMENTS

Information about each of the Participant Account Investments set forth below can be found in the prospectus or offering memorandum for each mutual fund, ETF or CUIT, which are publicly available, but are also available from the Catholic Fraternity Fund upon request.

Fixed Income Portfolios

The PIMCO Total Return Fund is a diversified portfolio of high quality bonds that is actively managed to maximize return in a risk-controlled framework. This fund offers investors an actively managed core bond portfolio that can capitalize on opportunities within multiple sectors of the fixed income market. The fund takes a diversified approach to adding value in its effort to provide consistent performance by employing multiple concurrent strategies and taking modest risk in each, thereby reducing the risk of poor performance arising from any single source. PIMCO has a substantial and experienced team specializing in all sectors of the global bond market, and a record of actively pursuing an extensive global fixed income opportunity set and identifying innovative solutions in an effort to maximize returns.

Equity Portfolios

US Large Capitalization

The US Large Capitalization allocation is invested with Christian Brothers Investment Services (CBIS) through their CUIT Core Equity Index fund. The fund is sub-advised by RhumbLine Advisers. The fund's objective is long-term capital appreciation. The fund is designed to track the S&P 500 Index and counter the impact of socially responsible screening by overweighting select holdings so that the fund's broad quantitative characteristics match those of the S&P 500 Index as closely as possible.

US Small Capitalization

The US Small Capitalization allocation is invested with Christian Brothers Investment Services (CBIS) through their CUIT Small Cap Equity Index fund. The fund is sub-advised by RhumbLine Advisers. The objective of the fund is long-term capital appreciation by attempting to replicate the performance of the Russell 2000 Index, a commonly used index of domestic small capitalization stocks. The fund is designed to closely track the Russell 2000 Index, while seeking replacements for socially screened stocks among companies with similar market capitalizations in the same or a related industry. The fund's share price closely tracks the performance of the Russell 2000 Index.

International Equity

The International Equity allocation is invested with Christian Brothers Investment Services (CBIS) through their CUIT International Equity fund. The objective of the fund is long-term capital appreciation. The fund is sub-advised by three managers: Causeway Capital, Principal Global Investors and WCM Investment Management. The strategy combines three sub-advisors with complementary growth and value oriented investment processes to produce competitive risk adjusted returns.

Alternatives

Market Neutral Fund

The AQR Equity Market Neutral Fund seeks to deliver positive absolute returns by taking long and short positions in equity and equity-related instruments that, based on proprietary quantitative models, are deemed to be either undervalued (and likely to increase in price) or overvalued (and likely to decrease in price). The Fund is designed to be market neutral, targeting a portfolio beta to equity markets of zero over a normal business cycle. Portfolios are constructed based on AQR's global security selection and asset allocation models, employing the following indicators: 1) Value indicators to identify investments that appear cheap based on fundamental measures, such as price-to-earnings and price-to-book ratios; 2) Momentum indicators, such as simple price momentum, to identify investments with strong short-term performance; and 3) Quality indicators to identify stable companies in good business health, including those with strong profitability and stable earnings. Applying these and other proprietary indicators, AQR takes long or short positions in industries, sectors and companies that they believe are conditionally attractive or unattractive. The result is a portfolio that seeks positive absolute returns with close to zero equity market beta.

Managed Futures

The Abbey Capital Futures Strategy Fund is a multi-manager managed futures strategy with allocations to a diversified set of managed future strategies. The investment objective of the fund is to seek long-term capital appreciation with the generating of current income a secondary objective. The strategy comprises an allocation to managed futures complemented with an actively managed fixed income exposure, achieved in a highly competitive cost structure. The fund features exposure to an asset class with fundamentally different drivers to equities based on exploiting investor behavioral biases with a range of trading strategies across Diversified Trendfollowing, Value and Global Macro trading styles. The strategies are executed across bond, equity, commodity and foreign exchange markets. The managed futures allocation is managed by nine leading managed futures managers employing a diversified range of trading securities applied across multiple markets. Managers are selected by Abbey Capital, a leading multi-manager in managed futures, with a track record of successful allocating dating back to 2000.

Real Estate

The Vanguard REIT ETF seeks to provide a high level of income and moderate long-term capital appreciation by tracking the performance of the MSCI US REIT Index, which measures the performance of publicly traded equity REITs. REIT stands for equity real estate investment trust. Equity REITs own and manage real estate properties, such as retail, office, residential apartment, and industrial spaces. They generate income from rental and lease payments, and offer the potential for growth from property appreciation as well as occasional capital gains from the sale of property. The Vanguard REIT ETF employs a passively managed, full-replication strategy. The benchmark index covers two-thirds of the investable REIT market. REITs in the MSCI US REIT Index must have a market capitalization of at least \$100 million, with enough shares and trading volume to be considered liquid. Mortgage REITs and Hybrid REITs are not included in the index.

Cash and Cash Equivalents

As of the date of this Disclosure Statement, the cash and cash equivalent holding is the BlackRock T-Fund. The investment objective of the T-Fund, a series of BlackRock Liquidity Funds, is to seek current income as is consistent with liquidity and stability of principal. The T-Fund invests at least 99.5% of its total assets in cash, U.S. Treasury bills, notes and other obligations issued or guaranteed as to principal and interest by the U.S. Treasury, and repurchase agreements secured by such obligations or cash. The T-Fund invests in securities maturing in 397 days or less (with certain exceptions) and the portfolio will have a

dollar-weighted average maturity of 60 days or less and a dollar-weighted average life of 120 days or less. The T-Fund may invest in variable and floating rate instruments, and transact in securities on a when-issued, delayed delivery or forward commitment basis.

**EXHIBIT B
PARTICIPANT APPLICATION AND AGREEMENT**

The undersigned participant (the "**Participant**") submits this Participant Application and Agreement (the "**Application**") to Catholic Fraternity Fund, LLC ("**Catholic Fraternity Fund**") to participate in the **Income Emphasis Fund, Balanced Fund, or Equity Emphasis Fund** (the "**Funds**") under the administration of the Catholic Community Foundation. This Application may be accepted or rejected by Catholic Fraternity Fund in its sole and absolute discretion. Upon acceptance, this Application shall constitute the agreement of Participant (the "**Agreement**")

Participant is a tax exempt Catholic charitable organization listed in the Official Catholic Directory, _____th Edition, Page _____. Completed applications should be mailed to: Catholic Fraternity Fund, LLC, 8122 Datapoint Drive, Suite 804, San Antonio, Texas 78229.

PARTICIPANT INFORMATION/REPRESENTATIVES

Name:	Primary Representative:
Address:	Primary's Phone:
Address:	Alternate Representative:
Phone:	Alternate's Phone:
FAX:	
Email:	
EIN:	Date of Application: _____, 2017

ESTABLISHING THE ACCOUNT

The minimum initial investment amount is \$25,000. Please make Checks Payable to "Pershing, LLC".

Amount of Initial Investment: \$ _____

To be invested as follows (check the investment you wish to select):

Income Emphasis Fund	_____
Balanced Fund	_____
Equity Emphasis Fund	_____

AUTHORIZED SIGNATURES

Your funds are subject to investment risks, including possible loss of the principal amount invested as more fully discussed in the Disclosure Statement which is incorporated herein. Withdrawals are payable by Catholic Fraternity Fund exclusively from the net assets of your Participant account. Participant shall have no claim against or any right to payment from or any interest in any assets other than the particular assets held in the Participant's account. Participant accounts are not protected or insured by the FDIC or SIPC and are not guaranteed by the Catholic Fraternity Fund, the Catholic Community Foundation, the Catholic Church, or any other person or entity.

On behalf of Participant, I have read and agree to the attached Terms and Conditions all of which are part of this Agreement.

AUTHORIZED SIGNATURES⁽¹⁾:

Date: _____, 2017

Date: _____, 2017

Signature: _____

Signature: _____

Title: _____

Title: _____

Print

Name: Print

Name:

⁽¹⁾ Officers, agents or other persons acting in a representative capacity may be required to furnish with this Agreement (i) evidence acceptable to Catholic Fraternity Fund that they have the power and authority from their organization to invest in the Funds, to authorize redemptions, and to execute the Agreement, or (ii) copies of the corporate resolution (certified by the corporation's secretary or assistant secretary), power of attorney or other document pursuant to which such person acts in a representative capacity. A Participant may also be required provide Catholic Fraternity Fund a copy of a letter by the Internal Revenue Service determining that the Participant is a charitable organization exempt from federal income taxation under Section 170(c)(2) or Section 501(c)(3) of the Internal Revenue Code of 1986, as amended.

CATHOLIC FRATERNITY FUND, LLC
Participant Application and Agreement

TERMS AND CONDITIONS TO PARTICIPATION

1. **Representations, Warranties, and Agreements.** Participant represents, warrants and agrees that:

(a) Participant authorizes and appoints Catholic Fraternity Fund and Catholic Community Foundation, as administrator of the Funds, to act as agent, nominee, custodian and/or other securities intermediary on behalf of and for the account of Participant, to purchase, sell, hold, exchange, or otherwise dispose of or invest in any and all types of debt and equity securities, mutual funds, exchange-traded funds, investment trusts and other investment companies, securities or investments. All transactions in Participant's account(s) pursuant to this authority shall be solely for the benefit and risk of Participant.

(b) Participant hereby appoints Catholic Fraternity Fund and Catholic Community Foundation, as administrator of the Funds, with full power of substitution, as Participant's true and lawful attorney, agent and proxy to vote or consent to the voting of all debt and equity securities, mutual funds, exchange-traded funds, investment trusts and other investment companies, securities, investments or financial assets held for the account of Participant, with all the powers Participant would possess if personally present or voting. This proxy is irrevocable and shall continue in full force and effect until this Agreement is terminated. Proxy solicitation materials generally will not be forwarded to Participant for response or voting.

(c) Participant's account shall be deemed at all times to hold and to be credited with a property interest in the securities and other financial assets held by Catholic Fraternity Fund or Catholic Community Foundation in its name or otherwise on behalf of or for the account of Participant. Participant shall be entitled to exercise the rights that comprise the financial assets credited to Participant's account(s). However, Participant cannot assign, encumber, or otherwise transfer its account(s) or any assets held in or credited to its account(s) without the prior written consent of Catholic Fraternity Fund. Any attempted assignment, encumbrance or other transfer shall be void.

(d) Prior to investing in any of the Funds, Participant received and has carefully reviewed a Disclosure Statement describing Catholic Fraternity Fund and the Funds, including the "Risk Factors" section of the Disclosure Statement. Participant agrees to be bound by the terms of the Disclosure Statement and the fee schedule attached to this Application and any revisions thereto following reasonable notice. Participant has relied on the information contained in the Disclosure Statement exclusively. No oral representations have been made or oral information furnished to Participant or Participant's advisor(s) in connection with the offering of the Funds which are in any way inconsistent with the Disclosure Statement.

(e) The assets invested by Participant are either (1) solely for Participant's own account and not for the account of any other person or organization (such as the general endowment fund or other funds of the Participant), or (2) are invested by Participant in its capacity as a duly authorized trustee or other fiduciary with full power and authority to invest to the Funds on behalf of a trust or pooled income fund described in one of the following: (A) assets of a pooled income fund meeting the requirements of Section 642(c)(5) of the Internal Revenue Code; (B) assets contributed to the Participant in exchange for charitable gift annuities meeting the requirements of Section 501(m)(5) of the Internal Revenue Code; (C) assets of charitable remainder annuity trusts or charitable remainder unitrusts meeting the requirements of Section 664(d) of the Internal Revenue Code; (D) assets of charitable lead trusts meeting the requirements of Section 170(f)(2)(B), 2055(e)(2)(B) or 2522(c)(2)(B) of the Internal Revenue Code; or (E) assets of any trust in which the remainder interest is irrevocably dedicated to Participant or to a charitable nonprofit organization exempt from federal income taxation under Section 501(c)(3) of the Internal Revenue Code or a charitable organization described in paragraphs (1) through (5) of Section 170(c) of the Internal Revenue Code (collectively, "**Eligible Assets**"). The invested assets are not (1) from a revocable trust unless the Participant is the settlor of that trust and funds the trust only with assets that are otherwise eligible for investment in the Funds, (2) attributable to a retirement plan providing for employee contributions or variable benefits, or (3) assets in which any individual beneficiary has any interest by way of rights to income or promises of fixed or variable interest, except as permitted by a trust or pooled income fund described above.

(f) Participant's principal business address is located in the state set forth in the mailing address above, and Participant has no present intention of moving from such address.

(g) Participant is currently, and will be for so long as it remains a participant in any Fund, a charitable organization exempt from federal income taxation under Section 170(c)(2) or Section 501(c)(3) of the Internal Revenue Code of 1986, as amended.

INITIAL _____

(h) Participant has such knowledge and experience in financial and business matters that Participant is capable of evaluating the merits and risks of an investment in the Funds, and Participant is capable of making an informed decision with respect to an investment in the Funds.

(i) Participant has designated on the face of this Application one or more representatives of the Participant, who shall be authorized to perform any act or discharge any duty required or contemplated under this Agreement on behalf of the Participant. Participant may update this information by means of a written instrument delivered to the Catholic Fraternity Fund from time to time. In the absence of any designation, the sole authorized representative of the Participant shall be its President, Pastor, or Trustee(s). The Catholic Fraternity Fund shall have no duty to make any independent inquiry as to the identity, office, or authority of any individual thus designated as an authorized representative of the Participant, and the Catholic Fraternity Fund shall be entitled to rely upon any written instrument signed by an authorized representative thus designated as sufficient evidence of the facts therein contained.

(j) Participant has made an independent determination to enter into this Agreement based on the Participant's investment and program objectives, the nature and scope of the assets of the Participant to be invested pursuant to this Agreement, the length of time the Participant expects to maintain its investments under this Agreement, and other factors unique to the Participant.

2. **Acknowledgments.** Participant acknowledges awareness of and agrees to the following:

(a) The Risk Factors set forth in the Disclosure Statement.

(b) The fee schedule attached hereto.

(c) No federal or state agency has made any determination as to the merits of participating in the Funds, nor made any recommendation or endorsement of the Funds. Catholic Fraternity Fund and the Funds are not registered as investment companies under the Investment Company Act of 1940, as brokers or dealers under the Securities Exchange Act of 1934, or as investment advisers under the Investment Advisers Act of 1940. The Funds are administered pursuant to a claim of exemption from registration under the Philanthropy Protection Act of 1995 ("PPA"). The failure of Participant to comply with this Agreement could jeopardize the availability of these exemptions. Catholic Fraternity Fund will not make an independent determination, and assumes no responsibility, as to whether funds invested by Participant are Eligible Assets.

(d) The Funds are organized and operated at all times for the investment and reinvestment of the Eligible Assets described above. All assets of each Participant account are held for the exclusive benefit of the eligible participant. All financial benefits of each participant account, after payment of fees and expenses from Participant's account, will be allocated and distributed exclusively to such Participant to be used solely for its tax-exempt purposes. Withdrawals from a Fund are payable exclusively from the net assets of such Participant's account. Participant shall have no claim against or any right to payment from or any interest in any assets other than the particular securities or financial assets held in the Participant account. Net earnings of the Funds may not inure to the benefit of any private shareholder or individual.

(e) In addition to fees paid by the Participant under this Agreement, each portfolio or fund in which the assets of the Account may be invested may also pay its own separate investment advisory or investment management fees and other expenses for which the participant's account will bear a proportionate share.

(f) Catholic Community Foundation, as administrator of the Funds, shall have all powers necessary or advisable to carry out the administration, management and maintenance of the Funds and Participant's account, including but not limited to the powers to: (1) buy, hold, sell or trade in securities for its own account in its capacity as administrator of, or otherwise on behalf of or for the account of, Catholic Fraternity Fund, the Funds and Participant; (2) retain the services of investment advisors, portfolio managers, custodians, agents, banks, brokers, accountants and other service providers; and (3) hold and otherwise deal with all contributions by Participant to the Funds and with all assets in Participant's account.

(g) Catholic Fraternity Fund reserves the right at any time to terminate, suspend or change the terms of the participation accounts and to impose additional fees upon 30 days prior written notice.

(h) Catholic Fraternity Fund or Catholic Community Foundation, as administrator of the Funds, may temporarily suspend the right to withdraw funds from a participant account when: (1) an emergency exists and Catholic Fraternity Fund or Catholic Community Foundation, as administrator of the Funds, cannot dispose of investments or fairly determine their value, or the withdrawal of funds or disposition of investments would be in violation of law, impractical or prejudicial to a Participant; or (2) the Securities and Exchange Commission or other state or federal regulatory authority or a court so orders.

INITIAL _____

(i) In lieu of a cash withdrawal or cash distribution from Participant's account, Catholic Fraternity Fund or Catholic Community Foundation, as administrator of the Funds, may at its discretion make an in-kind distribution of investment securities or other property held in Participant's account based upon a good faith determination of the fair value of such securities or property to the extent such action is considered, or determined, to be necessary or appropriate in connection with the in-kind distribution.

(j) All investments bear risks that are affected by events and circumstances beyond the control of Catholic Fraternity Fund or Catholic Community Foundation. Therefore, Catholic Fraternity Fund and Catholic Community Foundation, as administrator of the Funds, cannot assure or guarantee that an investment will result in achieving particular investment objectives or that significant losses of principal or income will not occur in Participant's account(s). Neither Catholic Community Foundation nor Catholic Fraternity Fund is responsible for market or credit risk, or for errors in the exercise of judgment made in good faith. Subject to the obligation to act in good faith, neither Catholic Community Foundation nor Catholic Fraternity Fund shall have any liability or responsibility with respect to any claims, suits, actions, proceedings, judgments, deficiencies, damages, settlements, liabilities or expenses of Participant or any other person arising out of or based upon any act or omission or any other cause in connection with the administration of the Participant's account or the performance or non-performance of any duties or services under this Agreement.

(k) Catholic Fraternity Fund is a limited liability company with a nonprofit purpose that is organized and existing under the laws of the State of Texas. Catholic Fraternity Fund is organized and operated to further the purposes of its sole member, the Catholic Community Foundation, by providing the Funds for the collective investment of eligible participants.

3. **Subsequent Investments.** The terms of this Agreement shall govern the initial investment and all subsequent investments by Participant in the Funds. All representations, warranties, agreements and acknowledgements of Participant are restated as of the date of each subsequent investment.

4. **Indemnification.** Participant agrees to indemnify and hold harmless Catholic Fraternity Fund and Catholic Community Foundation and their officers, directors, employees and representatives, from and against all damages, losses, costs and expenses (including reasonable attorneys' fees) which they may incur by reason of the failure of Participant to fulfill any of the terms or conditions of this Agreement, or by reason of any breach or threatened breach of the representations, warranties, covenants or agreements made by Participant in this Agreement.

5. **Entire Agreement; Termination; Amendment; Governing Law.** This Agreement constitutes the entire agreement between Catholic Fraternity Fund and Participant with respect to the Funds, Participant's account(s) and Catholic Community Foundation's administration of the Funds. Unless previously terminated by Catholic Fraternity Fund in writing, this Agreement shall continue in effect for as long as an account for Participant is maintained with respect to the Funds. Catholic Fraternity Fund may amend these terms and conditions by providing Participant with 30 days' prior written notice, including by amendment or supplement to the Disclosure Statement or any related fee schedule. This Agreement shall be governed by and interpreted in accordance with the laws of the State of Texas, without reference to conflict of laws principles.

6. **Waiver of Jury Trial.** The parties, after consulting or having had the opportunity to consult with counsel, knowingly, voluntarily and intentionally waive any right any of them may have to a trial by jury in any litigation based upon or arising out of this Agreement, the Disclosure Statement, or any of the transactions contemplated by this Agreement or the Disclosure Statement. No party will seek to consolidate, by counterclaim nor otherwise, any action in which a jury trial has been waived with any other action in which a jury trial cannot be or has not been waived.

ACCEPTANCE:

The above Application is accepted for _____.

Dated: _____, 2017

CATHOLIC FRATERNITY FUND, LLC

By _____
Steve M. Oswald

Its: President

Archdiocese of San Antonio Participant Fee Schedule

Fees will be deducted from the Participant's account on a monthly basis based on the following annual percentages, on a tapered schedule, of the account value:

<u>Account Value</u>	<u>Annual Applicable Percentage</u>
on the first \$1,250,000	1.25%
on the next \$1,250,000	1.10%
on the next \$2,500,000	.95%
on the balance	.70%

The minimum annual fee charged is \$300.

A separate fee schedule for participants outside of the Archdiocese of San Antonio is available and will be provided upon request.