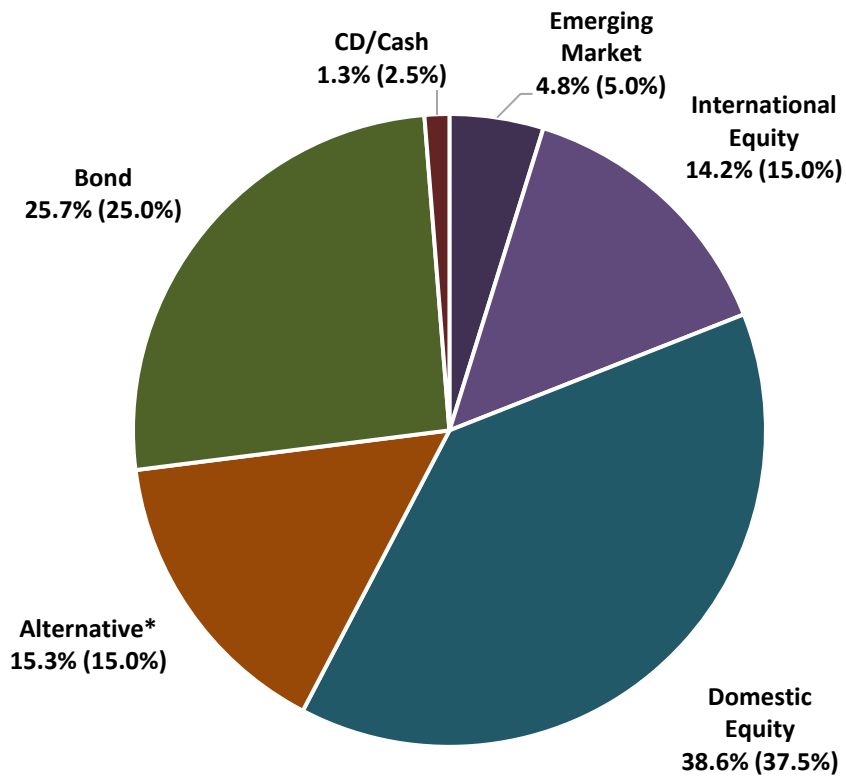


Current (Target) Asset Allocation



Commentary

Lifted by positive economic news and the Federal Reserve's decision to defer raising interest rates, U.S. stocks advanced during the quarter. The Standard & Poor's 500 Composite Index gained 3.85%, while the Dow Jones Industrial Average rose 2.78%. Smaller company stocks surged ahead during the quarter, driving the Russell 2000 index's gain to just over 9%. In the predominant U.S. equity groups, growth outperformed value. The top performers were the Russell 2000 Growth Index with a return of 9.22%, the Russell 1000 Mid Cap Growth Index gained 4.59% followed closely by the Russell 1000 Growth Index with a return of 4.58%. Conversely, value stocks year-to-date have outperformed their capitalization counterparts by a wide margin. REITs and Utilities were both down for the quarter signaling greater investor confidence in an interest rate increase by year end.

In bond markets, the Bank of America Merrill Lynch High Yield Bond Index gained 5.49%. While the Bloomberg Barclays US Aggregate Bond index was up just 0.46%. The Bloomberg Barclays Global Aggregate Bond index notched a 0.82% return. The yield on the benchmark 10-year Treasury note rose from 1.49% on June 30 to 1.60% at quarter end. The Federal Reserve let the federal funds target rate range stand at a range of 0.25% to 0.50% during its July and September meetings, while strongly hinting at a December rate increase.

Performance

| | Qtr | Calendar YTD | Fiscal YTD | 3 Years | 5 Years | Since Inception (6/30/08) |
|-------------|------|--------------|------------|---------|---------|---------------------------|
| Foundation | 3.9% | 6.0% | 3.9% | 4.3% | 8.4% | 4.0% |
| Benchmark** | 4.0% | 7.4% | 4.0% | 5.6% | 9.4% | 5.6% |

Returns longer than 1 year are annualized. Past performance does not guarantee future performance. Returns are net of investment fees.

Fiscal year ends June 30. *Alternative assets include hedge fund, real estate, and inflation hedged assets.

**As of 3/31/12, the policy is 5% Barclays Global Agg, 15% Barclays US Agg, 5% BofAML US HY Master II, 2.5% BofAML US 3 Month Treasury Bill, 5% CPI + 5%, 5% FTSE EPRA/NAREIT Developed, 5% HFRI FOF Diversified, 15% MSCI EAFE, 5% MSCI EM, 22.5% Russell 1000, 7.5% Russell 2000, 7.5% Russell Mid Cap.



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