CUIT Balanced (Q1 2013)

CBIS

Objective & Strategy – The Fund seeks long-term capital appreciation and current income while maintaining, on average, a 60% equity and 40% fixed-income allocation. The equity allocation is comprised primarily of large-cap U.S. companies diversified across industry sectors. Fixed-income instruments are rated at least BBB/Baa at the time of purchase, and include corporate, U.S. government and agency bonds, and asset-backed and mortgage-backed securities. The equity portion of the Fund combines two strategies: 1) investing in undervalued companies whose market value does not reflect long-term profit opportunities, and 2) capturing a modest exposure to growth through the core equity index allocation. In the fixed-income portion of the Fund, economic and fundamental research attempt to identify and capture inefficiencies across the yield curve and in the valuation of market sectors and securities. The Fund's share price and yield fluctuate with the broad equity markets and with changes in U.S. interest rates.

Asset Managers – Fixed Income: Dodge & Cox, Inc. (Since 4/1/91); Jennison Associates (Since 9/2/02); Reams Asset Management Co. (Since 7/1/08); Equities: Dodge & Cox, Inc. – (Since 4/1/91); RhumbLine Advisers – (Since 4/1/02)
Benchmark – 60% S&P 500 / 40% Barclays Capital Aggregate Bond
Fund Inception Date – December 1, 1983
Minimum Investment – No minumum; $1,000 for subsequent investments
Expense Ratio – 0.92%

All assets are invested in accordance with CBIS' Socially Responsible Investing Guidelines.
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Performance*

Trailing	Three Months	One Year	Three Years	Five Years	Ten Years
CUIT Balanced	7.04	12.69	9.60	6.38	8.05
60% S&P 40% BCAgg***	6.24	9.95	10.10	6.13	7.42

Calendar Year	2012	2011	2010	2009	2008
CUIT Balanced	14.59	0.71	12.03	26.92	-27.11
60% S&P 40% BCAgg***	11.31	4.69	12.13	18.40	-22.06

*For disclosures relating to performance, see the Performance Disclosure Page.

Portfolio Analysis - Fixed Income Portion

Statistics	BF	BCAGG	Effective Duration	BF	BCAGG
Average Maturity	7.8 years	7.2 years	0-1 years	23.5	1.2
Effective Duration	4.6 years	5.3 years	1-3 years	24.9	30.2
Average Quality	AA	AAA	3-4 years	9.7	18.1
Yield-to-Maturity	1.7%	1.9%	4-6 years	10.8	24.0
# of Securities	382	8,286	6-8 years	4.3	11.1
			Over 8 years	26.9	15.5

Market Sector Analysis - Fixed Income Portion

Allocations %	BF	BCAGG	Credit Quality %	BF	BCAGG
Treasuries	31.6	36.5	U.S. Treasury	31.6	36.5
Agency	3.5	4.8	Federal Agency	17.0	34.1
Industrials	15.4	12.1	Aaa	15.7	3.9
Finance	15.2	7.3	Aa	3.8	3.6
Utilities	1.0	2.4	A	17.2	11.3
Non-Corp.	0.0	4.1	Baa	11.7	10.7
MBS	18.2	29.4	Below Baa	1.6	0.0
CMO/CMBS	5.8	1.8	Cash	1.4	0.0
ABS	6.7	0.4			
Municipals	1.3	1.4			
Cash	1.4	0.0			

Portfolio Analysis - Equity Portion

Equity Statistics	BF	S&P 500	Top Ten Holdings	%
Median Market Cap	$13.3 B	$14.1 B	Amgen	3.7
Weighted Avg. Mkt Cap	$78.7 B	$106.3 B	Wells Fargo & Co New	3.2
Average Price/Book	1.8x	2.1x	Comcast Corp New	3.1
Average Price/Earnings	15.6x	16.6x	Time Warner Inc	2.7
Average Yield	1.7%	2.1%	Hewlett Packard Co	2.5
Beta	1.1	1.0	News Corp Ltd	2.5
5 Year Earnings Growth	7.6%	9.2%	Microsoft Corp	2.5
10 Largest Holdings	26.4%	18.5%	Capital One Finl Cor	2.2
# of Equity Securities	489	500	Sprint Nextel Corp	2.0
Turnover Rate	15.8%	N/A	Wal Mart Stores Inc	1.9
Total Equity/Fixed Inc.	$129 mm/ $72 mm			

Market Sector Analysis - Equity Portion

Allocations %	BF	S&P 500
Consumer Discretionary	15.4	11.6
Consumer Staples	5.8	11.0
Energy	8.5	10.9
Financials	20.6	15.9
Health Care	9.0	12.5
Industrials	6.4	10.1
Information Technology	24.3	18.0
Materials	3.5	3.4
Telecomm Service	3.9	3.0
Utilities	1.2	3.5
Cash	1.3	0.0

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Q1 2013 Commentary

Trailing 3 months

The CUIT Balanced Fund returned a strong 7.04% for the quarter, exceeding the blended benchmark's 6.24% return by 80 basis points. The Barclays Aggregate Bond Index sustained its first negative quarter since 2010, returning -0.12%, as rates rose modestly on improving economic conditions, while the S&P 500 Index reached an all-time high during the quarter. All Index sectors produced positive returns, as the more defensive healthcare, consumer staples and utilities sectors were strongest — up between 13% and 15% — while information technology (+4.6%), materials (+4.8%) and telecom (+9%) were laggards. Within the Fund, both the equity and fixed-income portfolios outperformed their respective benchmarks. The fixed-income portfolio exceeded the Barclays Aggregate Index by 23 basis points. The equity portfolio exceeded the S&P 500 Index's return by over 110 basis points as a result of strong stock selection.

The sub-advisers' patience was rewarded for the second consecutive quarter, as information technology holdings proved to be the greatest contributor to return, providing over 200 basis points in added value. Portfolio holdings there returned 14.9% versus 4.5% for those in the Index, with exceptionally strong performance from computer and software names (up 24% and 14% respectively). The Fund benefitted from good stock selection in consumer discretionary, 13% in the Fund versus 12.2% in the Index, as well as an overweight in the sector. The continued focus on media names was a principal contributor, along with consumer electronics names, which benefitted from stronger retail sales and a weakening yen. Healthcare holdings out-paced Index sector issues 18.9% to 15.7%, as biotechnology (including top holding Amgen, up 19%) and healthcare equipment holdings drove performance. Principled Purchasing exclusions limited exposure to the sector and marginally offset the stock selection benefit. Negative factors included stock selection in financials and materials as well as an underweight in the strong consumer staples sector. Within the fixed income portfolio, a number of factors contributed to excess return. These included a meaningful overweight to financial issues as the sector generated a strong 88-basis-point return; lower exposure to MBS as spreads widened over the quarter; ABS exposure, particularly home equity issues; and modest positions in below-investment-grade and taxable municipals. Limiting factors included a lower yield relative to the Index (as a result of the portfolio's defensive position), yield curve positioning (principally higher exposure to the long end of the yield curve as rates rose), and a modest overweight to industrials (spreads widened in the sector as a result of LBO concerns after the Heinz acquisition and downgrade.)

Trailing 12 months

For the trailing 12-month period, the Fund produced a very strong 12.7% return, which exceeded the blended benchmark's 9.95% return by 274 basis points. As in the most recent quarter, both the equity and fixed-income portfolios contributed meaningfully to results. Within equity, security selection drove performance particularly in information technology (12.1% in the Fund versus the benchmark's -1.1%), consumer discretionary (31.7% versus 19.8%), telecom services (53.8% versus 26.9%) and healthcare (36% versus 24.9%). Principled Purchasing restrictions were additive for the period as increased exposure to biotech names (+56%), in lieu of restricted pharmaceuticals (+28%), enhanced return. Portfolio holdings in energy and financials underperformed benchmark peers, while good stock selection in consumer staples was mitigated by an underweight to this strong sector. In the fixed-income portfolio, an overweight in corporates was beneficial as the sector returned 7.5%. In addition, a focus on financial issues, which returned 10.1%, was very beneficial as they experienced the most spread tightening over the period. Additional contributions to return included underweight exposure to MBS, as spreads widened, a modest exposure to below-investment-grade issues, and higher-than-benchmark exposure to ABS, CMBS and taxable municipals, as these all outperformed. The sub-advisers were also able to add value through opportunistic trades, moving among mortgage, corporate and Treasury issues, as well as executing successful relative value trades across the yield curve. Limiting factors included a shorter duration (as yields declined over the period) and a lower yield than the benchmark's (a result of the portfolios defensive position).

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Benchmark Index: 60% S&P 500/40% BCAgg eff. 1/2/03; 60% S&P 500/30% LBAgg/10% 91-Day T-Bill eff. 4/1/91; 60% LBAgg/40% S&P 500 in prior periods.

Performance for periods of one year and longer are annualized. All fund performance (including that of comparative indices) is reported net of any fees and expenses, but inclusive of dividends and interest. Past performance is not indicative of future performance. The return and principal value of the Fund(s) will fluctuate, and upon redemption, shares in the Fund(s) may be worth less than their original cost. The comparative indices represent unmanaged or average returns on various financial assets which can be compared to the Funds' total returns for the purpose of measuring relative performance. Comparative index information is provided by Lipper Analytical Services, Inc. and Mellon Bank; information regarding composition of indexes may be obtained from provider or CBIS. CBIS offers pooled funds on behalf of a not-for-profit investment trust, the Catholic United Investment Trust (CUIT). Offering Memoranda / Disclosure Statements, which contain further information, are available by calling 800-321-7194. Such information should be carefully considered prior to investing in the Funds.