

# PRINCIPLES



A Quarterly Newsletter published by Christian Brothers Investment Services, Inc.

Q2 2006

## Short-Term Thinking in a Long-Term World

*Some thoughts on the perils of market timing in the search for superior returns*

by Frank Haines, Chief Investment Officer



Many CBIS participants seek our advice on investment policy, asset allocation and, in a more ad hoc fashion, the outlook for the financial markets. We are aware that participants also get advice from the financial media, which bombards investors with a multitude of outlooks and forecasts intended as much for piquing short-term attention and drawing viewers as for thoughtful consumption. This can make it hard to step back from the short-term trends and concerns that dominate the financial markets, and reflect on how a consistent, longer-term focus can add value and protect portfolios over the life of most Catholic institutions.

CBIS has no edge in the field of forecasting. We also recognize that, given the complexity of global markets, there is little value in most forecasts. Proof of this is measured by how few forecasters are held accountable after the fact for errant prognostications. Nevertheless, the financial history of the capital markets is rich in data. Perhaps the past can serve as a guide.

In fact, studying past investment trends and relationships can be useful in understanding current ones, with the caveat that history never repeats itself exactly, but changes due to innovation and human progress. For example, stock investing clearly produced stronger results than bond

investing in the U.S. over the past century. However, it is unreasonable to expect the same annualized return over the next ten years as what was achieved, on average, over the past eighty (coincident with the 1926 starting point of the Ibbotson Sinquefeld data). Nor does it make sense to include such long-term historical average risk and return data in a model that projects future returns or optimal asset allocations for the next several years. Many of the critical factors that drive stock returns — starting dividend yield, price/earnings multiples and level of interest rates, for example — are quite different today than they were during the periods of favorable equity performance of the past eighty years, and far less supportive of the 10% annualized nominal stock return achieved on average over that period.

CBIS bases our investment advice on the analysis of present, observable market data, structured within a framework of rational market relationships. These include the expectation that stocks will outperform fixed-income assets over long periods of time; that the performance of most asset classes, asset styles and strong or weak managers will revert to the mean after periods of unusually bad or good results; and that periodic portfolio rebalancing generally adds to portfolio return. Experience cautions investors against seizing on the apparent opportunities often accepted as conventional wisdom.

### Investing vs. Speculating

With this perspective, CBIS offers periodic market assessments to help participants take advantage of strategic opportunities, although we counsel them not to chase the short-term changes in momentum that all too often mislead and whipsaw investors. Some recent examples of our recommendations demonstrate this distinction.

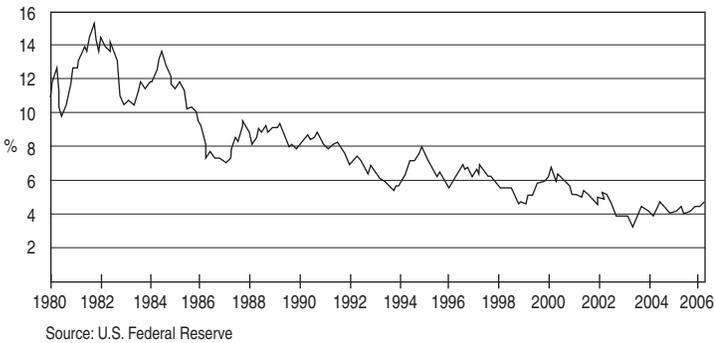
■ In mid-2004, as the Federal Reserve began the process of raising the Fed Funds rate, a number of investment advisors suggested shortening bond duration to avoid rising interest rates. However, based on our discussions with our bond sub-advisers, it was clear to us that the yield curve was so steep that shortening duration actually posed a greater risk than remaining invested in intermediate to longer maturities. Longer-maturity bonds in fact performed quite well in 2004 and 2005 vs. shorter issues. It was only with the recent inversion of the yield curve and continued Fed tightening that the risk of longer duration became meaningful.

*(continued on page 2)*

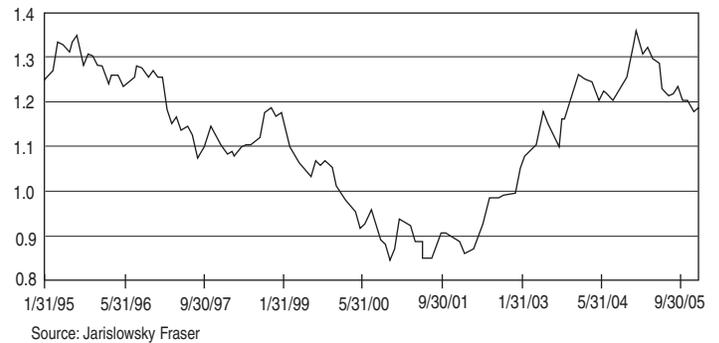
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10-Year Treasury Yield (January 1980 – March 2006)



Number of U.S. Dollars for 1 Euro (1995-2005)



■ Another example was the advice given by many advisers early in 2005 to shift away from U.S. dollar exposure due to the large and growing U.S. budget and trade deficits. These factors have indeed explained currency weakness in the past, but such a narrow focus overlooked the high relative interest rates in the U.S. vs. major overseas markets, and the resulting attractiveness of U.S. debt for foreign investors. For investors that took the advice, the 13% rise in the dollar vs. the euro and yen during 2005 painfully demonstrated the perils of such short-term market timing.

Because the majority of CBIS' sub-advisers emphasize long-term fundamentals over multi-year periods, with low portfolio turnover, relative performance on a quarterly or even a multi-year basis can be disappointing. Yet if the portfolio team at the firm remains intact, and portfolio strategy remains based on sound valuation analysis, this approach generally proves to be successful over a 3- to 5-year market cycle window.

Successful long-term investing capitalizes on market experience and sound valuation opportunities, the most promising of which often defy conventional wisdom. More frequent investment shifts, or chasing apparent valuation opportunities on a daily or monthly basis, may have many advocates today, but it smacks of speculation.

#### A Matter of Time

While the financial markets demonstrate significant efficiency over time,

the differing time horizons of different investor classes can create significantly different valuation perspectives. This is readily apparent in the tremendous growth of hedge fund investing, and the institutional demand for alternative investments to supplement expected low returns from conventional equity and bond strategies.

Hedge funds now control an estimated \$1.5 trillion in assets, and their impact on daily market volatility, particularly in smaller issues, can be very significant. Their investment time horizons are often quite short, based on strategies that seek modest increments of added-value leveraged several times over to meet quarterly or annual performance fee targets.

The valuation of a company's shares may appear very different to that type of an investor than to a CBIS sub-adviser investing for a two- to three-year holding period. These differing investment horizons can provide buying opportunities for traditional long-only managers, although they can also drive up prices of lower-quality issues and negatively impact quarterly performance comparisons, or increase the perception that a manager was "too early" buying into a position, as short-term momentum drives a stock's price lower.

This phenomenon of differing time-frames also helps explain some of the bond market's strange behavior in recent years. Corporate and mortgage-backed spreads, particularly those of lower quality issues, are now at their tightest levels since the mid-1990s. Many traditional bond managers have reduced

exposure to these sectors on the concern that current yields do not offer adequate compensation for the risk of a sudden spike in market volatility. Buyers apparently are foreign investors, attracted by the higher nominal interest rates available in the U.S., and hedge fund managers capturing the modest incremental yield while hedging away portions of the risk, and leveraging several times over to meet performance expectations.

#### Protection from a Mean Reversion

Cornell Accounting Professor Sanjeev Bhorjaj has compared the stock market to the ocean and investors (or stock analysts) to surfers. To those waiting among the waves, the stock market appears very inefficient and opportunities seem to appear unexpectedly in many directions. But the ocean is flat, short-term trends don't persist, and reversion to the mean corrects inefficiencies. In other words, sound historical valuation analysis provides a reference point amidst the volatility of prices driven to extremes by short-term investor emotion and supply/demand imbalances.

Perhaps today's tight interest rate spreads will persist for several more years. However, the decades-long experience of our bond sub-advisers leads us to believe this is unlikely. Until the financial markets offer better yield and pricing of risk, we think that maintaining a focus on fundamental value in stock portfolios and on preservation of principal through higher credit quality in bond portfolios best serves the interest of participants.■

# Coca-Cola and Global Human Rights

## *A case study in SRI engagement*

by John Wilson, Director, Socially Responsible Investing



Global corporations doing business in the industrialized West face a much clearer social landscape than they do in many third-world nations, where civil conflict, poverty and weak or capricious rule of law can lead to abuses of human rights. Sometimes, these situations become associated with a corporation's suppliers or distributors, or even with the corporation's own operations.

When a global company becomes publicly associated with human rights violations, the resulting negative publicity can jeopardize brand reputation, lead to consumer boycotts and erode shareholder value. Thoughtful multinational corporations have begun to take an active approach to human rights risk management by enacting human rights policies that cover not only company facilities but the entire supply chain. A comprehensive rights code establishes management policies that may prevent some abuses from occurring, and promotes a credible, effective response when allegations of violations are made. In short, a comprehensive human rights policy is a key feature of risk management for any company operating on a global scale. The CBIS dialogue with Coca-Cola is an example of how we have been able to make this "business case" for human rights.

### **The Coca-Cola Company**

Coca-Cola is one of the world's most widely recognized brands, and the company's famous soft drink is sold in just about every country in the world. The Atlanta-based Coca-Cola Company, however, does only two things: it makes syrup based on a highly secret recipe and it markets the Coca-Cola name. Separate bottling companies (often

partly or wholly owned by Coca-Cola) manufacture, bottle and distribute Coca-Cola products in local markets around the world.

Despite its long history of success, Coca-Cola has seen its stock price decline by nearly half since the late 1990s. The market for Coke, the flagship soft drink, is largely saturated. New products have not caught on, and the company's recent marketing campaigns have failed to capture consumer imagi-

**“A comprehensive human rights policy is a key feature of risk management for any company operating on a global scale.”**

nation. In recent years, two CEOs have been fired and many observers have questioned the stability and effectiveness of leadership at the firm.

### **Human Rights Controversies**

Perhaps as a result of its leadership challenges in the business arena, the company has also found itself embroiled in a number of controversies over human rights at bottlers and suppliers, and has struggled to respond effectively.

■ In the late 1990s in Colombia, Coca-Cola bottler union leaders were harassed, kidnapped and murdered by right-wing paramilitaries as part of the country's civil conflict. Local union leaders accused the bottler (then called Panamco, now known as Coca-Cola Femsa) of abetting the crimes and paying paramilitaries to carry them out.

The International Labor Rights Fund, a legal group associated with labor unions, sued both the bottler and Coca-Cola (which today owns 49% of the bottler) for human rights violations under an obscure law called the Alien Claims Tort Act, which allows victims of violations of international law to be sued in U.S. courts. Proceedings against the bottler continue, although Coca-Cola has been removed from the suit.

■ In 2004, Human Rights Watch reported widespread use of child labor at sugar plantations in El Salvador that were then supplying the Coca-Cola bottler in that country. Child labor is endemic throughout the country's sugar plantation industry. The work is dangerous and keeps children away from school, which is illegal under internationally recognized labor standards. While Coca-Cola denied the allegation, it has begun to work with the government of El Salvador to transition child sugar plantation workers to school.

■ Recently, in Kerala, India, local authorities shut down one of the country's largest Coke bottling plants after local groups claimed it was over-using water and contributing to drought conditions.

■ An International Labor Rights Fund lawsuit filed last year in Turkey claims that a Coca-Cola bottler fired unionized drivers, then cooperated with local officials when protesters were tear-gassed, beaten and arrested by police. Coke denies this version of events, and the issue is still quite new.

### **Initial Engagement by CBIS and ICCR**

In 2001, primarily in response to the Colombia allegations, CBIS agreed to serve as the primary filer of an Interfaith Center on Corporate Responsibility (ICCR) resolution that asked Coca-Cola to develop a global policy for human

rights that would apply to suppliers, bottlers and the company itself. We asked that the policy include three specific elements (which have served as the foundation of our ongoing dialogue):

1. It should follow international human rights standards. For example, International Labor Organization's (ILO) core conventions include prohibitions against child and forced labor and protections for free association and collective bargaining. Other important rights include safe and healthy workplaces and reasonable working hours.

2. It should include the entire supply chain, including the bottlers; and,

3. It should be enforced by independent monitoring, which means that local facilities should be regularly audited by observers unaffiliated with the company, ideally with the help of local civil society groups who understand local culture.

Coca-Cola disputed the version of the incidents in Colombia and elsewhere that were reported by the unions and activists. But the company seemed to recognize that it had, at best, a public relations problem, and said it would develop a human rights code. After a promising dialogue with the company's corporate counsel, Deval Patrick, a member of the powerful executive committee, we were hopeful the company would deliver a policy that included our requests. What was released in early 2002 fell far short of our expectations. It did not apply to the bottlers and did not include any kind of independent monitoring. Since most of the alleged abuses occurred at bottlers, the document failed to show that the company was serious about resolving its human rights concerns. We therefore decided not to withdraw our resolution.

### Deflecting Responsibility

Coca-Cola responded that its bottlers were independent companies, with their own facilities, shareholders and management teams. It could not dictate policies to them. How could it be held responsible for the actions of inde-

pendent companies? But Coca-Cola did acknowledge that it could dictate everything from the weight of bottles to the concentration of sweetener in the beverage. Surely, we believed, it could mandate policies that respect human rights. Moreover, the company held substantial ownership stakes in many of these companies. It was hardly a powerless bystander. Our shareholder resolution received 5% of vote at the spring 2002 annual meeting. After our decision to bring the resolution to a vote, no dialogue took place for several months.

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### Renewal of the Dialogue

Dialogue resumed late in 2002, and over the next two years Coke made several attempts to address our concerns.

- It convened a task force of bottler executives to develop a common “values platform” that could serve as the basis for human rights policies at each bottler.

- It commissioned an investigation of the alleged abuses at its Colombia bottler.

- It embarked on a project called “Citizenship@Coca-Cola” that began with a survey of all employees of Coca-Cola and its bottlers to gauge attitudes about the company's commitment to corporate citizenship. The survey addressed everything from marketing to environmental impact to workplace

conditions — but it never mentioned the words “human rights.”

- The company also convened cross-functional leadership teams to discuss development and implementation of other corporate responsibility programs.

But despite the apparent activity, it was difficult to tell what concrete progress was actually being made. The investigation of the situation in Colombia was widely criticized by human rights activists as a cursory effort that appeared to be more of a public relations exercise than a search for the truth. A union-affiliated group called “Stop Killer Coke” spread more tales of corporate misconduct (often irresponsibly, in our view). Social activists increased their criticism of the company across a range of issues — from environmental to health and human rights concerns — and disrupted Coke's annual meetings. A national political magazine dubbed the company “the New Nike” (comparing its human rights troubles to those that plagued Nike in the late 1990s). Finally, colleges and universities (about 20 at this writing) began to cancel contracts with the company. Coke's attempt to fight fires on an ad hoc basis only served to fan the flames, and its reputation continued to deteriorate.

### Political Hurdles

The reason for the lack of progress, in our assessment, was the politics between the bottlers and the company. A relatively small number of bottlers serve as anchor bottlers, controlling large amounts of territory. For example, Coca-Cola Femsa, the bottler facing a lawsuit over the allegations in Colombia, controls most of Latin America. Coca-Cola Enterprises serves most of North America. These bottlers, and the Atlanta company, are dependent on each other for survival. And as the bottlers became larger and more concentrated, they gained influence over the company, which they used to safeguard as much independence as possible. It was not entirely clear if the

bottlers opposed the idea of human rights protections or were just resisting centralized control. Yet it was clear that Coca-Cola was unable or unwilling to exert sufficient authority to implement a system-wide human rights code.

### A Breakthrough

The pressure on Coke from negative publicity and concerned shareholders intensified during 2005, and produced some progress in the right direction. The company hired a labor rights expert from the ILO to create and oversee a new human rights program, to sell the idea of human rights protections to bottlers, and to develop more robust monitoring of human rights concerns worldwide. While this was a welcome move, we said we would file a resolution for the 2006 proxy season if the new program did not correct the omissions of the earlier one. We reemphasized that a credible human rights policy must include the following characteristics:

- It should cover the bottlers, which Coke's previous efforts failed to do.
- It should incorporate independent monitoring (by local civil society groups where possible).
- It should commit the company to ongoing local stakeholder dialogue on issues of concern to communities.

During the latter half of 2005 and into 2006, we negotiated with Coke about the content of the new policy document, helping the company revise early drafts and emphasizing points that needed to be included. We hoped that the combination of outside pressure, the threat of a shareholder resolution, and new human rights leadership at the company would combine to help create a breakthrough leading to a stronger policy. In the end, it has.

Coke has agreed to incorporate some degree of independent monitoring as well as local community dialogue, and has agreed to apply the policy to its bottlers worldwide (although, at this stage, in a somewhat weaker form than we would like).

It also agreed to commission another audit of its Colombia bottler, this time with the help of representatives from the ILO itself, leading at least one university to reinstate its contract with the company. The company also arranged a March 2006 meeting for us with Coke's new CEO, Neville Isdell, which produced a cordial and constructive discussion about how it can successfully overcome its human rights challenges.

We will not know whether we have achieved total success until we see the company's final policy document (to be

released sometime this spring) and its plan for implementation. Success ultimately depends on how the policy is enacted at local facilities around the world. However, we believe we have made some gratifying progress over the past several months. After four years of engagement, we have helped Coca-Cola take several key steps toward creation of a truly credible global human rights policy — one that supports shareholder value and encourages the positive societal change that is an important goal of CBIS active ownership initiatives. ■

### Corporations Recognize CBIS' SRI Work

It's nice to be appreciated! CBIS was recognized in three recent corporate citizenship reports.

- In the 2005 [Ford Motor Company](#) Citizenship Report for our work on the Report's review committee.
- In [Citigroup's](#) 2005 Citizenship Report for our advice on environmental and social issues in the banking sector.
- In [Best Buy's](#) 2005 CSR report for our help in promoting better policies for prohibiting the sale of mature-rated video games to children.

## Reduced RCT Money Market Fund Service Fees • Enhanced Website Functionality

### Service Fee Reductions

Many of the service fees associated with the RCT Money Market Fund were reduced as of April 3, 2006.

- The \$0.25 point-of-sale fee for purchases made with the RCT Cash Resource Card has been eliminated.
- The \$1.00 fee charged by CBIS for obtaining cash at an ATM has been eliminated, although the bank sponsoring the ATM may still charge a fee.
- The \$4.50 bi-annual card issuance fee for the RCT Cash Resource Card has been eliminated.
- The fee for domestic and international

wire transfers has been reduced from \$15.00/\$25.00 to \$6.50/\$10.00, respectively.

### Enhanced Website Functionality

We have also added new features to our web site ([www.cbisonline.com](http://www.cbisonline.com)) to make it easier to access account information and initiate transactions.

- Account Activity Reports: Updated balances and transactions are now available within two business days.
- New Check Search Functionality: View cleared checks by date, amount, account or check number.

- Forms Online: Download interactive forms at [www.cbisonline.com/forms](http://www.cbisonline.com/forms) to initiate transfers, rebalance accounts, withdraw assets and more.

We encourage everyone to sign up for E-Delivery at [www.cbisonline.com](http://www.cbisonline.com). Enrolling gives you immediate access to CBIS publications and helps protect the environment by reducing paper usage.

If you are a statement holder and would like to add online access to your accounts through Statements Online, please call 800-321-7194 to request a registration code.

# Bond Investing from the Bottom Up

## *A Conversation with Jennison's Jon Longley*

*JENNISON ASSOCIATES has managed one-half of the fixed-income exposure in the RCT Intermediate Diversified Bond Fund and the CUIT Balanced Fund since September of 2003.*

*Over that time, the firm has added substantial value over the Lehman Aggregate Index benchmark. Jennison is particularly well-suited to manage the multitude of risks currently facing bond investors, ranging from a relatively flat yield curve to tight credit spreads and indi-*

*vidual corporate risk. Jon Longley, the Portfolio Manager for the CBIS relationship, focuses on the Government sector and yield curve strategy at Jennison.*

*In an interview that took place in March, Jon provides an overview of Jennison's approach to fixed-income portfolio management and offers some interesting perspectives on the firm's unique strengths as a CBIS bond sub-adviser.*

First, give us a quick overview of Jennison the firm?



Jon Longley: Jennison was founded in New York in 1969 to manage institutional equity assets. In 1975, the firm broadened its money management capabilities by acquiring a small Boston-based, fixed-income manager. That group is still located in the Boston area, but accounting, legal and firm management are located in New York. In 1985, Jennison was purchased by Prudential Life Insurance Co., but with the exception of our equity ownership, we've retained all of the characteristics of an independent investment firm.

In fixed-income, we manage just over \$15 billion for 34 clients and 53 accounts. All portfolios have some important key elements in common: high quality, no interest rate bets and a focus on relative value trading. In addition to standard products like core management, we also do significant customization of fixed-income strategies.

How long have you offered a core bond product?

Since November 1984. It's currently our single largest product in terms of assets.

Could you give us a general, not-too-technical overview of Jennison's fixed-income investment philosophy?

Jennison's core bond product is viewed as a complement to our clients' equity

exposure. We structure our portfolios not only to provide adequate return relative to the benchmark, but also to perform well in adverse economic times when equities (and lower quality bonds) are likely to underperform. As a result, our portfolios tend to be of higher quality than the benchmark.

“We structure our portfolios not only to provide adequate return relative to the benchmark but also to perform well in adverse economic times when equities (and lower quality bonds) are likely to underperform.”

We generate added value from a combination of security selection, yield curve management, sector rotation (primarily in and out of mortgage-backed securities and corporates) and active trading of individual issues. We do not make interest rate bets. Our decision-making is based on the belief that investment values revert to the mean over time. This applies both to corporate and mortgage yield spreads as well as to the shape of the yield curve.

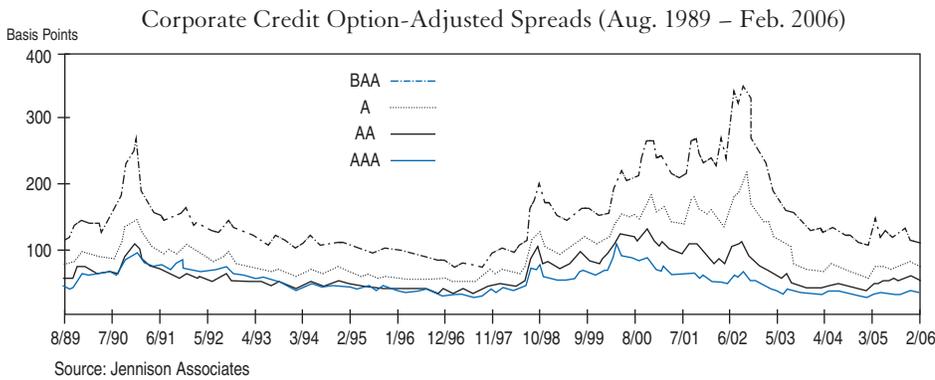
What is your “edge” as a bond manager compared to other bond firms?

We have a small, but highly seasoned group of investment professionals with

broad expertise across the high-quality market sectors in which we invest. Portfolio managers, sector managers and sector traders continually discuss and analyze potential investment opportunities. We believe that our size gives us a real edge: with about \$15 billion under management, individual issues can have a meaningful performance impact on an account. Unlike some of the “mega managers,” who must make investment decisions on a more macro basis, we make decisions based on the attractiveness of individual securities. We are much more of a “bottom-up” than “top-down” firm and seek out ways to take advantage of our ability to do fundamental credit analysis and quantitative analysis of individual securities. Our tight-knit team is extremely responsive to market opportunities, both in terms of making timely decisions and in analyzing individual securities — we are not encumbered by a slow, bureaucratic management process.

Clearly, bond investing is far more credit-sensitive than equity investing. How do you avoid the credit downgrades that hurt fixed-income returns?

First and foremost, we have a team of very experienced portfolio managers who do their own credit analysis. We strongly believe this leads to a stronger sell discipline, which is one of the crucial factors in avoiding deteriorating credit situations. We take a very fundamental approach to credit analysis, with a strong focus on the critical drivers of business success for each issuer, such as



the profitability and stability of a firm’s operations, its competitive environment, barriers to entry, and the predictability of the earnings stream in a variety of economic environments. We also perform a conservative analysis of any legal liabilities the company might have.

Management’s track record is a key factor. We analyze their performance at previous divisions or companies they’ve managed, whether or not they pursued bondholder-friendly financial policies, and the incentives in their current role: how much is management incentivized to take on leverage to improve the share price? We also analyze the company’s and industry’s share price performance and try to determine whether either internal or external factors might cause management to change their financial policies. This final step has been very important in avoiding some of the LBO and share repurchase-related credit blow-ups of the last few years.

We then focus on the company’s financials and analyze management’s past and prospective financial management. How stable is their cash flow? What are the company’s spending needs? Solid free cash flow is a very important factor. We do a sensitivity analysis on the company’s prospects and try to determine the effect on credit quality if the company doesn’t meet our financial projections. We tend to avoid credits where an inability to meet expectations can result in a large deterioration in credit quality and bond prices.

Since you don’t invest in lower quality bonds, emerging markets, and non-U.S.

securities, how do you compete with the “mega” managers who do use these higher yielding sectors?

“Mega” managers are often forced to make macro bets, i.e. through interest rate anticipation (market timing) and the use of more risky sectors, because they are so big they can’t buy individual issues in sufficient size to make a difference. A manager that has \$300 billion under management must buy \$3 billion of an individual issue to have a 1% position. For the most part, it is impossible to buy that kind of size in the market. Therefore, they focus more on major sector and duration moves to add value.

Jennison only manages about \$15 billion. A 1% position for us is only \$150 million—an amount that is practical to purchase. We can also own significant positions at specific places on the yield curve that we think are most attractive. For our Treasury positions, we typically own only 3 to 4 individual issues, instead of many different ones, because our analysis generally identifies those that are relatively cheap in relation to similar Treasury issues. The same logic applies in our mortgage exposure. Because we are not so large that we move the market, we can accumulate significant positions in the most attractive coupons and maturities. Most “mega” managers are forced to buy more generic issues that are often less attractive than those we can buy.

In addition, because we employ a limited number of strategies, we can have a greater focus on those strategies. We spend significant energy analyzing individual credits and mortgage pools,

the shape of the yield curve, likely future reshapings, and the relative value of individual Treasury and Agency issues. With this extra focus, we have been able to add value without taking on the extra risk of the lower quality sectors of the markets.

Credit spreads appear extraordinarily tight and there’s very little compensation for added risk. How do you find and add value in this environment?

Credit spreads are tight and the market is fraught with risk from deteriorating businesses, such as the rapid and material credit deterioration of the auto and auto supplier sectors last year. Event risk has also reared its ugly head as leveraged buy-outs have once again become common and many managements are focused on rewarding shareholders at the expense of bondholders. Again, rigorous credit analysis focused on avoiding deteriorating businesses and on analyzing credits the way private equity and equity analysts do has helped us avoid all of the many credits that have been downgraded from investment grade to high yield over the last few years. These “fallen angels” have become increasingly common and have been detrimental to bond portfolio returns.

Good opportunities are indeed hard to find, but even in tight markets there are credits that are stable and cheap on a relative basis and those are the names we look for. Some that we currently own include Comcast, Devon Energy, Masco Corp., Cadbury Schweppes and Federated Department Stores.

Have CBIS’ SRI screens ever prevented you from implementing your preferred strategy in the fund?

Only twice; one involved a pharmaceutical company and the other, a defense company. By reallocation to remaining issues, this had little measurable impact on returns.

Thanks, Jon.■



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## Announcements

### ■ RCT Money Market Fund Name Change

Effective June 30, CBIS is changing the name of the **RCT Money Market Fund** to the **RCT Flex Cash Fund**. The new name was chosen to better reflect all of the great cash management services offered with the Fund. All other aspects of the Fund, including the manager, investment process and expenses, will remain the same. Look for the new name on your June statement.

### ■ Office Closings

CBIS offices will be closed on Monday, May 29, for Memorial Day, and on Tuesday, July 4, for Independence Day.

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