

PRINCIPLES

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

Q3 2009



A Harvest of Shame

SRI shareholders campaign against use of forced child labor in Uzbekistan's cotton fields

GLOBALIZATION OFFERS FINAN-
cially struggling nations a
chance to boost living stan-
dards through exports to wealthier
countries, but globalization without a
conscience can lead to entrenched
poverty and the persistent abuse of
local populations. Such is the case now
in Uzbekistan, the world's third-
largest cotton exporter. Uzbekistan is a
major source of cotton for clothing
manufacturers around the world,
including high-volume factories in
Pakistan, India, China, Vietnam and
Cambodia that sell products to devel-
oped-world buyers.

A Harvest of Shame

A relic of Soviet-era central planning,
the government-run cotton industries
in Central Asia have long relied on
forced labor and child labor supplied by
a captive citizenry. In Uzbekistan, the
cotton industry is controlled by the
repressive regime of President Islam
Karimov, which oversees an annual har-
vest that generates more than \$1 billion
in revenue and represents about 60% of
the nation's hard currency exports.

Yet the wealth is not shared. Profits
accrue to connected insiders and gov-
ernment overseers while farmers and
workers, mostly children, subsist in
conditions of near slavery. Each fall,
state officials order up to two million
children, aged 11 to 17, to leave school
to work under hazardous conditions
harvesting cotton for two months to fill
government-mandated quotas. The US
State Department, NGO researchers

— including the International Crisis
Group and Environmental Justice
Foundation — and human rights
activists in Uzbekistan have docu-
mented the facts:

- Approximately two-thirds of schools
are subject to compulsory recruitment
of children between ages 11 and 17.
- Children work the cotton fields for a
total of 50 to 60 days without weekend
breaks and under poor sanitary, health
and nutritional conditions.

**“Profits accrue to
connected insiders and
government overseers
while farmers and
workers subsist in con-
ditions of near slavery.”**

- School administrators employ phys-
ical abuse and public shaming to force
children to meet daily quotas.
- Parents who resist sending children
to pick cotton are threatened by gov-
ernment authorities and risk having
public benefits and utility services
withheld.
- Each year, scores of children are
injured in the harvest due to the lack of
safety measures and adult supervision.
In the fall of 2008, there were five
reported fatalities.

Uzbek journalists and activists who
publicize and protest against these poli-

cies are routinely intimidated, arrested,
jailed, beaten, tortured or killed.
Predictably, corruption is endemic to
the industry while the nation's police
and judiciary are controlled by the
Karimov regime and well-connected
beneficiaries of cotton industry profits.

What SRIs are Doing

SRI investors — including CBIS and
our partners at the Interfaith Center on
Corporate Responsibility (ICCR) —
are working to bring this egregious vio-
lation of human rights to the attention
of corporations around the world that
buy cotton for clothing production and
that sell clothing. We are asking the
world's largest apparel brands and
retailers to inform suppliers not to
source cotton harvested in Uzbekistan
and to implement supply chain trace-
ability mechanisms to ensure that poli-
cies are upheld. Our requests include:

1. Prohibit the use of Uzbek cotton
fiber in merchandise until child and
forced labor has been eliminated from
Uzbek cotton production.

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A Harvest of Shame (cont.)

2. Prohibit the purchase of garments, textiles or soft cotton goods from Uzbek suppliers until government-sanctioned child and forced labor has been stopped.

3. Inform all suppliers that Uzbek cotton is banned from their products.

4. Make a public statement/press release/website post that the company is banning Uzbek cotton from its supply chain.

5. Train suppliers on supply chain traceability to guarantee no Uzbek cotton is in the supply chain.

6. Begin to explore traceability approaches for all core products.

Over the past year, SRI investors have written letters to 130 apparel and home furnishing companies asking how they are addressing the violation of children's rights resulting from state-sponsored forced labor in Uzbekistan's cotton industry. A number of companies have responded by instructing their suppliers not to use cotton from Uzbekistan. This growing list includes C&A, Gap, Levi Strauss, Marks & Spencer, Target, Tesco, The Walt Disney Company and Wal-Mart. As of August 2009, 25 of the world's largest apparel brands and retailers have committed to policies that seek to ensure their supply chains are free of Uzbek cotton.

CBIS Actions

CBIS is the dialogue leader and strategy coordinator for ICCR dialogues with Macy's and Dillard's on human rights and vendor standards issues. We have introduced into both dialogues the issue of forced child labor in Uzbekistan. Following a June 2009 meeting with Macy's, the company agreed to require that its private brand suppliers avoid Uzbek cotton. We have also spoken with Dillard's management about the issue.

Getting both companies to commit to action should not be a difficult

struggle. Both Dillard's and Macy's have vendor and supplier codes of conduct that stipulate "there shall not be any use of forced labor, whether in the form of prison labor, indentured labor, bonded labor or otherwise."

In mid June, both companies participated in a webinar about Uzbek cotton hosted by our SRI colleague As You Sow. Many other apparel companies also participated. We are confident both Macy's and Dillard's will take constructive and ongoing action once they are fully informed of the facts and have the chance to set up internal policies to screen out vendors who buy Uzbek cotton.

“As of August 2009, 25 of the world's largest apparel brands and retailers have committed to policies that seek to ensure there is no Uzbek cotton in their supply chain.”

Uzbek Government Action and Inaction

Pressure from global cotton buyers, spurred in part by SRI investors, has begun to have a modest impact on the Uzbek government. Despite widespread corruption, the government is not monolithic in its support for the nation's cotton industry labor practices. In 2008, Uzbekistan ratified the International Labor Organization (ILO) Convention 182, which prohibits abusive forms of child labor, and convention 138, which sets a minimum age standard for employment. Ratification of these United Nation's conventions is a positive first step, but translating abstract commitments into actual results is equally challenging. A tactic often employed by brutal and corrupt regimes is compliance in word but not in deed, in an attempt to game opposition and feign cooperation while per-

sisting with business as usual. The Uzbek government in fact published a decree in September 2008 that prohibited the use of forced child labor in the cotton harvest. But in-country investigations by the Environmental Justice Foundation and other groups found that schoolchildren across the major cotton-producing regions were once again participating in the harvest, facilitated by government agencies and public employees, in order to fulfill cotton production quotas set by the Uzbek government.

Keeping the Pressure On

With the fall 2009 cotton harvest only weeks away, SRI investors have urged the Uzbek government to invite the ILO to deploy an expert observer and assessment mission as a prelude to monitoring on a multi-year basis. Through trade in cotton, the developed world continues to bankroll the Uzbek administration. Only through pressure applied to the administration by international organizations, such as the ILO, and through boycotts of Uzbek cotton by major buyers is there hope of positive change.

SRI investors, including CBIS, will continue to work to build corporate support for the elimination of forced child labor in Uzbekistan. We believe our actions so far have helped focus attention on both the problem and on necessary solutions. But we also know that our goals can be achieved only by serious, systematic commitments and actions on the part of the Uzbek government itself. The scale of government-directed forced child labor in the country's cotton fields compels action by shareholders and companies who would otherwise benefit from Uzbek cotton exports and through engagement by the international community.■

Please visit the Shareholder Advocacy Directory at www.cbisonline.com for updates on the current status of our work on the Uzbek cotton issue and all other active ownership initiatives.

Staying the Course with Dodge & Cox

Dodge & Cox is looking up after a brutal 2008

ONE TRUISM of investing is that it's hard to know, at any given time, whether your strategy is right or wrong. Markets tend toward extremes before regressing to a mean. Yet a regression may take years to materialize, and volatile markets can offer painful short-term referendums on the apparent wisdom of any investment strategy. Participants in the [CUIT Value Equity Fund](#), the [CUIT Balanced Fund](#) or a Dodge & Cox individually managed equity portfolio — all of which share exposure to Dodge & Cox's value equity program — could reasonably wonder whether the firm's performance during 2008 and early 2009 meant it had wandered on to the wrong strategic track.

Rebounding from a Rough 2008

The credit crisis was not kind to the sub-adviser, who underperformed the Russell 1000 Value benchmark by over 700 basis points in 2008, with weakness continuing into early 2009. Some of this was due to severe losses in financial holdings such as AIG, Fannie Mae and Wachovia, as ad-hoc government bailouts created winners and losers that no securities analysis could have anticipated. But it was also due to the impact of the years' market turmoil on Dodge's broader portfolio, as fundamentals took a back seat to fear and forced selling by leveraged hedge funds and trading desks as a primary driver of short-term equity returns.

Yet when market sentiment turned bullish in early March, the subsequent

rally was as violent as the decline. And many companies that had suffered sharp losses mounted powerful rebounds in Q2. Dodge's portfolio gained about 23% for the quarter compared to an approximate 17% gain for the Russell 1000 benchmark, reversing the underperformance of Q1.

Wild Volatility

Two value portfolio holdings characterize these trends. Dow Chemical, an asset-intensive, multinational company, experienced a rapid increase in energy costs during 2008 and a dramatic drop in demand into early 2009. The company faced additional stress when financial markets froze as it was completing its \$16 billion purchase of Rohm and Haas. The stock dropped 58% from the end of 2008 through March 9, then rallied 162% through midyear and ended the first half of 2009 up 10%. Dodge believes this international franchise is well-positioned to benefit from global growth over the next five years and that it remains a good investment.

Sallie Mae, the largest student loan lender in the United States, was rocked by regulatory uncertainty and increasing credit losses as the stock dropped 64% from year-end 2008 through March 9. The stock subsequently rallied 222% to finish the first half up 15%. Dodge continues to believe in Sallie Mae's long-term potential due to the value of its loan portfolio and the prospect of increased servicing revenue as student loan volume grows.

Both Dow and Sallie Mae hold significant market share, have capable and experienced management, and trade at attractive valuations. These examples illustrate Dodge's long-term thinking and persistence in the face of dramatic short-term stock price swings.

Staying the Course

The volatility seen over the past year differs in degree — but not necessarily in kind — from the manager's long-term experience. The table below shows the long-term returns from Dodge & Cox' stock mutual fund, a retail fund run with the same basic program as Dodge's CBIS value portfolio (although without SRI screens). The stock fund data offers a 20-year return history, far longer than Dodge's nine-year history with CBIS.

As the data shows, periods of underperformance have been followed by recoveries that generate excess return over the long term. Such shifts in relative performance, which are unpredictable and can reverse quickly, are one price of the firm's analytically rigorous and patient approach to investing in out-of-favor companies with long-term recovery potential. This approach — which embodies true investing and not speculation — has withstood the test of time through bull and bear markets. CBIS is not shy about restructuring a fund when we have lost confidence in a manager. But we continue to believe in Dodge & Cox and urge participants to stay the course with the Dodge value equity portfolio. ■

The Dodge & Cox Stock Fund — Long-Term Success (1989 – 2009)

	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009*	Entire Period
Dodge & Cox	26.9	-5.1	21.5	10.8	18.3	5.2	33.4	22.3	28.4	5.4	20.2	16.3	9.3	-10.5	32.4	19.2	9.4	18.5	0.1	-43.3	4.8	10.3
Russell 1000V	25.2	-8.1	24.6	13.8	18.1	-2.0	38.3	21.6	35.2	15.6	7.3	7.0	-5.6	-15.5	30.0	16.5	7.1	22.2	-0.2	-36.8	-2.9	8.7
Excess Return	1.8	3.0	-3.1	-3.0	0.2	7.1	-5.0	0.6	-6.8	-10.2	12.9	9.3	14.9	5.0	2.3	2.7	2.3	-3.7	0.3	-6.5	7.7	1.6

Note: Data shows net-of-fee annualized returns for the Dodge & Cox stock fund — a retail mutual fund based on the same investment program that Dodge & Cox uses in the CBIS Value Equity and Balanced Funds, although without our SRI overlay — including reinvestment of dividends and capital gain distributions. These return figures do not represent those produced by an investment program offered through CBIS, but do reflect the long-term return pattern produced by the Dodge & Cox value equity program. / * through June 30.

A Tale of Two Markets

“It was the best of times, it was the worst of times, it was the age of wisdom, it was the age of foolishness, it was the epoch of belief, it was the epoch of incredulity . . .”

—Charles Dickens, *A Tale of Two Cities*

by Frank Haines, Chief Investment Officer

AS MUCH AS WE WOULD LIKE TO believe that society has advanced from the hard-scrabble days of Charles Dickens’ mid-nineteenth century England, his novels still serve as fascinating reminders of how little human nature and behavior have changed. Our confidence in the processes of wealth creation and in the mechanisms that underpin financial stability was shattered over the past year. Our belief in “the Great Moderation” was transformed into incredulity over the “Great Recession” — the current descriptor for our current financial troubles. And the less-than-laudable personalities that emerged along with the joyless financial news found echoes in Dickens’ most unsavory characters.

It was all quite a change from what investors had learned to expect. Indeed, the period from the early 1980s through the mid 2000s was characterized by generally strong investment returns, a growing tolerance for risk, confidence in financial institutions and their regulators, and the belief that sophisticated mathematics could model financial risk. As illustrated by the charts on page five, the long-term decline of inflation and the fall in interest rates from the mid-teens to low single digits were powerful drivers of consistently strong portfolio gains. And the belief in the power of quantitative risk management encouraged the growing use of leverage in search of even stronger returns. This forgiving environment shaped the thinking of most of today’s investors, as it represents the only environment they knew.

The sharp financial market rebound that began in March helped dispel

much of the shock and apprehension that developed over prior quarters, when the global financial system was on the brink of collapse. It has seemed at times as if the good old days are back, and that 2008 was nothing but a brutal pothole on the familiar road to prosperity. With markets buoyant once again, it is perhaps not surprising that many investors believe an economic recovery is underway, to be quickly followed by recovering home values and improving employment numbers.

“The Great Recession is not just a business cycle recession. It has two other serious aspects: the collapse of housing prices . . . and the near-collapse of the global financial infrastructure.”

Hard Times for Main Street

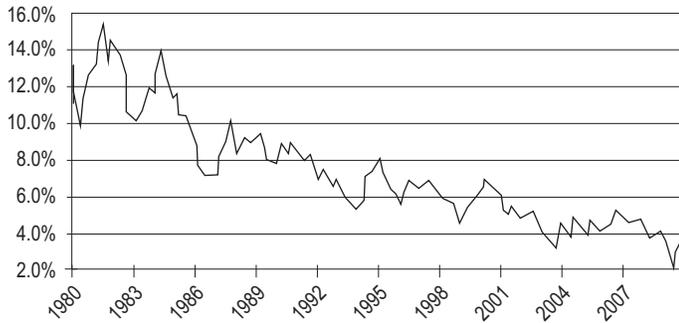
The global financial market is a complex system capable of favorable outcomes and this optimistic scenario may yet come to pass. However, there are also a number of compelling reasons why it may not. One frequently cited measure of the potential support for stock prices is the tremendous store of cash in money market funds, now earning next to no yield, which should return to the stock market at some point. Nevertheless, the Great Recession is not just a business cycle recession. It has two other serious

aspects: the collapse of housing prices in an overbuilt market and the near-collapse of the global financial infrastructure.

Many consumers lived beyond their means for at least a decade, saving little and borrowing heavily, enjoying a financial levitation made possible by easy credit and inflated housing prices. Local, state and the federal government all mirrored this behavior, but without the corresponding need to balance the books, as individuals and companies must do when their financial condition deteriorates. Much of the recession’s pain over the past several quarters has resulted from consumers and businesses raising liquidity and attempting to reduce debt. This is difficult to achieve with layoffs and salary cuts confronting individuals and lower sales and profit margins hurting businesses, but the process is underway.

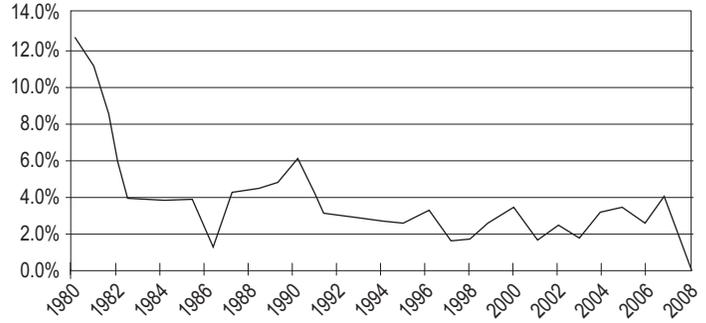
States must eventually trim their budgets too, but instead of making substantial cuts to spending that has grown well beyond supportable levels, and despite declines in tax revenues of 25% to 30% in 2009, they are now looking to the federal government’s stimulus to support continuation of discretionary programs. Of course, the federal government can simply print more money or issue debt, which it is doing at unprecedented levels, to offset declining revenue. This aggressive fiscal response to the economic malaise on Main Street may be contributing to the improvement in financial markets. It may even produce a return to positive GDP growth by the end of the year and reasonably positive financial returns for the next several quarters. Yet it may well also prove to be only temporary.

I. 10-Year Treasury Yield: Jan. 1980 – July 2009



Source: U.S. Federal Reserve

II. Annual Change in CPI: 1980 – 2008



Source: US Department of Labor, Bureau of Labor Statistics

Structural Challenges

A number of severe structural challenges remain unsolved, and these may weigh on longer-term investment returns for some time to come. One challenge is the need for a global downsizing of production capacity to adjust to reduced consumption. Consumption is not likely to return to previous, elevated debt-fueled levels, nor is capital spending, as businesses face slower revenue growth. Moreover, the prospect of a significant rise in taxes will likely weigh on the outlook for profits and consumption and impair the most critical source of job creation, the growth of small businesses. Despite the understandable efforts by politicians to “save” or “create” jobs, there is little evidence that permanent jobs result from public works or that productive jobs result from government hiring. Government pays for such programs through taxation, and this simply reduces the capital that would otherwise be available for growth- and job-producing investment in the private sector.

Other major impediments to a strong global recovery include demo-

graphics, which reflect a trend toward fewer workers and more elderly, and the mismatch between rising demand and reduced supply of energy, which could further pressure corporate profits and household budgets. Inflation is not an immediate risk, as rising unemployment, depressed capacity utilization in

“A number of structural challenges remain unsolved, and these may weigh on longer-term investment returns for some time to come.”

manufacturing and slower global consumption are likely to offset the impact of massive government spending. Despite fiscal and monetary stimulus, new lending has fallen as most banks are still burdened by an overhang of bad loans while potential borrowers have little ability to take on more debt. Liquidity is still highly prized.

Not-So-Great Expectations

As a result of these considerations, investors’ expectations for longer-term equity and bond returns should be lowered from the strong results achieved during the 1980s through the mid-2000s, when conditions were often ideal. CBIS believes that annual returns averaging 4% to 8% for balanced portfolios, accompanied by substantial volatility, are more likely than the double-digit results of the past. We have shifted our asset class return assumptions moderately downward to reflect these reduced expectations. Economic conditions will certainly be more demanding over coming years, requiring a higher degree of individual financial responsibility than was evident in the recent past. Paradoxically, this may spur the self-reliance and drive to innovate which history has shown to be strong and resilient aspects of the American character. And this, in turn, may nourish the entrepreneurial energies that will drive investment returns back to higher levels when a lasting economic recovery takes hold. ■

Security Brief: Low-Tech Ideas for a High-Tech World

In a world of email, internet, electronic banking and the elimination of many paper documents, it’s easy to lose sight of the security risks that might be lying around right in front of you. In fact, the internet hasn’t really eliminated the paper trail that follows us around the office. It has just restructured it a bit. We still use paper checks for some purchases. We still send and receive faxes that contain private information. And we still keep hard copy records of many account transactions, even when they are done online. Here are some common sense, low-tech security tips that are easy to overlook in a high-tech world.

- Lock up and control your check stocks.
- Control access to your organization’s letterhead to prevent fraudulent use.
- Ensure that hard copy bookkeeping records are secure.
- Control access to check signature stamps.
- Lock or log off your computer when you leave your desk.
- Promptly retrieve faxes containing private information.
- Shred faxes and other documents containing private data and account information before discarding them.

2009 Participant Satisfaction Survey Results

90% satisfaction in key areas, but survey shows room for improvement

Every few years, CBIS asks the primary contact at participant organizations to complete a questionnaire about their satisfaction with our investment programs and client services. This Participant Satisfaction Survey helps us determine whether we are achieving our goals as an organization, and it helps us identify ways to better serve participants in the future.

The most recent survey, distributed in the spring of 2009, was sent to primary contacts at 914 participant organizations and 143 (16%) responded. The previous survey was distributed in 2003. We thank all respondents for taking the time to share your opinions with us.

An important goal for CBIS is to achieve a 90% satisfaction rating across the variety of our products and services. In this context, we define satisfaction by a response of “good”, “very good” or “excellent” to survey questions.

Quality of Service

We generally achieved our goal in the areas of service quality and the value of our services in relation to fees, scoring above 90% in both areas. Survey respondents gave high marks to the value of meetings with CBIS personnel and the quality of our presentation materials. Our credibility — measured by our ability to answer questions, our knowledge of the markets, and our understanding of the participants’ financial needs — also ranked strongly.

Never-the-less, the survey revealed

some areas for improvement. A number of participants indicated that they would like more contact and/or better communication from us regarding investment strategy, investment policy, market developments and investment performance. We also know we need to balance additional outreach in these areas with the specific needs of each participant organization, as a number of other participants indicated that they do not need additional portfolio guidance from us.

Products and Performance

Given the financial crisis and the extreme market volatility of recent quarters, it’s not surprising that performance is a top participant concern. We achieved a reasonably strong 79% satisfaction rating in the area of total-portfolio investment performance, yet we did not achieve our 90% satisfaction goal for any fund other than the RCT Short Bond Fund. We did, however, meet our 90% target for satisfaction with our range of products. And we continue to carefully evaluate the benefits offered by potential additional investment programs, seeking to distinguish investment fads from those that offer true long-term benefits to participant portfolios.

We also continue to work hard behind the scenes to evaluate how we can do better in the performance area. While several of our managers underperformed benchmarks during the recent market volatility, they retain our

long-term confidence. We continue to believe that their disciplined approaches to investing will produce strong results over the longer term, when markets settle down and company fundamentals (rather than macro forces and liquidity pressures) are once again the primary driver of stock performance. In the meantime, we will continue to make adjustments to fund structures — such as the recent hiring of LA Capital as co-manager of the Growth Fund — if we believe this will benefit performance.

Priorities

Survey respondents ranked performance as their top priority, followed by fees, service, Principled Purchasing, transparency and active ownership. Not surprisingly, they also expressed interest in performing more online functions with their CBIS accounts. Here, we’ve recently partnered with ALPS Fund Services (see announcement on page 7) to offer a much wider range of on-line functionality for account management.

Survey Demographics

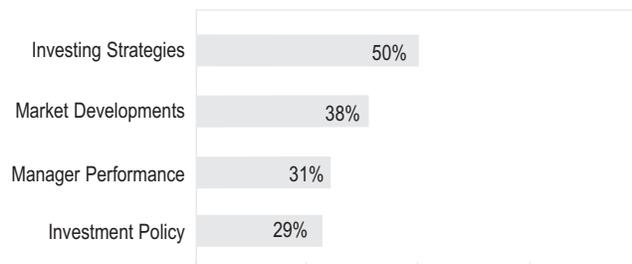
Survey respondents were a fairly representative cross section of our participant base. Religious institutes accounted for about 57%, educational institutions about 18%, and dioceses a little over 10%. Just over 80% of respondents were US or Canadian organizations, with the remainder located primarily in Europe and Latin America. ■

2009 Survey: Satisfaction Scores



Note: % of respondents who selected “good,” “very good” or “excellent.”

2009 Survey: Additional Support Wanted



Note: % of respondents who want more guidance from CBIS.

New Transfer Agent to Enable Better On-Line Functionality

IN RESPONSE to participants' requests for more advanced on-line capabilities, we are pleased to announce the recent selection of ALPS Fund Services (ALPS), a Denver-based fund servicing company, as CBIS' new external transfer agent. ALPS will soon become the primary contact for participants with administrative questions relating to their CBIS accounts. ALPS' customer service expertise and technology platform will enable us to offer improved account service, including:

- On-line account management;
- On-line transaction processing;
- Timely account information; and

- The ability to authorize additional users to access on-line account data.

The transfer will take place on October 13, 2009. At that point, the mailing address for account correspondence will change to:

Christian Brothers Investment Services, Inc.
PO Box 3238
Denver, CO 80201-4838

The new toll-free fax number will be (866) 205-1499. The main phone number will stay the same: (800) 321-7194. The use of an external firm that provides specialized account management services is a standard practice in the mutual fund industry. Founded in

1985, ALPS is an industry-leading service provider for mutual funds and their clients.

Our decision to move these functions to an external company is the result of a multi-year process. Of course, there will be no change in the way participants interact with their CBIS Investment Advisor or the way in which you receive investment advice. This move enables us to keep up-to-date with technological innovations that enhance client service. If you have any questions, please contact your Investment Advisor and please watch your mail, e-mail and www.cbisonline.com for more details. ■

LA Capital Joins CUIT Growth Fund

We know that many participants in the [CUIT Growth Fund](#) were frustrated by the magnitude of its underperformance in 2006 and 2008. CBIS has considered ways to reduce tracking error versus the Russell 1000 Growth Index benchmark without sacrificing future return potential. As an initial step, in the third quarter of 2007, we changed sub-adviser Wellington Management's growth strategy to one that employs greater portfolio diversification. More recently, during the first week in April

2009, we replaced Sands Capital Management with Los Angeles Capital Management as the Fund's co-manager.

Sand's concentrated portfolio (with just 25 to 30 issues) was a primary cause of the Fund's volatility over the past three years. We believe that Los Angeles Capital's more quantitative approach — with 180 to 250 holdings and a more tactical approach to trading — is better suited to today's uncertain, highly volatile market conditions. Los

Angeles Capital Management was founded in 2002 by four principals with extensive backgrounds in quantitative research and portfolio management. The firm is independently owned by its employees, and manages about \$4 billion in equity assets quantitatively against a variety of indices. Approximately \$400 million is managed in large-cap growth portfolios.

Please contact your CBIS Investment Advisor if you have questions or comments regarding this manager change.

Frequently Asked Questions

[Given the rising number of bank failures nationwide and the possibility for a continued weak economic environment, how secure are the banks that CBIS does business with and should this be an issue of concern to participants?](#)

CBIS' banking relationships involve two financial institutions: Northern Trust administers the [RCT Flex Cash Fund](#) while The Bank of New York Mellon is custodian for all CBIS investment programs.

Northern Trust consistently ranks as one of the strongest global financial institutions in terms of financial strength and stability. Approximately 70% of corporate revenue comes from fee-based, non-interest-related activities, which are generally more stable than net interest income. It is one of only six U.S. bank holding companies to carry a Standard & Poor's long-term debt rating of AA- or better. Its capital ratios are significantly above

those required for a regulatory classification of "well capitalized." And its high-quality balance sheet shows strong liquidity and a low loan-to-asset ratio, with loans representing only 39% of total assets compared to a peer group average of 57% as of December 31, 2008.

The Bank of New York Mellon is in sound financial shape as well. The institution was ranked among the world's 50 safest banks by *Global Finance* magazine in 2009. Its debt ratings are also among the highest of all major U.S. banks. Its capital ratios remain well above the highest required for a "well capitalized" regulatory classification. And the institution has an extraordinarily long history of stability, having paid dividends to stockholders continuously for 225 years.

Participants should be assured CBIS considers both financial institutions to be financially sound and well-capitalized.



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Announcements

New Address for CBIS Correspondence

Effective October 13, all correspondence regarding participant accounts should be mailed to:

Christian Brothers Investment Services, Inc.
PO Box 3238
Denver, CO 80201-4838

The phone number will still be (800) 321-7194. See Page 7 for more information.

CBIS Office Closings

CBIS offices will be closed on October 12 in honor of Columbus Day.

Your CBIS Investment Advisor is ready to assist you.

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