

No. _____

Name of Mission Diocese Investor: _____

MISSION DIOCESE FUND, LLC

(an investment fund that is exempt from Federal income taxation
under Section 501(c)(3) of the Internal Revenue Code)

THE LIMITED LIABILITY COMPANY INTERESTS (THE “*INTERESTS*”) ARE BEING OFFERED PURSUANT TO THIS OFFERING MEMORANDUM TO “MISSION DIOCESES” OF THE ROMAN CATHOLIC CHURCH, AS SUCH CHARACTERIZATION IS DETERMINED FROM TIME TO TIME BY THE BOARD OF GOVERNORS OF THE CATHOLIC CHURCH EXTENSION SOCIETY OF THE UNITED STATES OF AMERICA, OR ANY ORGANIZATION EXEMPT FROM TAXATION UNDER INTERNAL REVENUE CODE SECTION 501(C)(3) WHOSE PRIMARY PURPOSE IS TO PROVIDE SUPPORT TO A MISSION DIOCESE.

THIS OFFERING OF THE INTERESTS WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE “*SECURITIES ACT*”), OR THE SECURITIES LAWS OF ANY STATE OR FOREIGN JURISDICTION, IN RELIANCE UPON EXEMPTIONS FROM THE REGISTRATION REQUIREMENTS OF THOSE LAWS, AND MAY NOT BE SOLD OR TRANSFERRED WITHOUT COMPLIANCE WITH ANY APPLICABLE FEDERAL, STATE, OR FOREIGN SECURITIES LAWS. NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE OR FOREIGN SECURITIES COMMISSION OR THE EQUIVALENT HAS REVIEWED OR PASSED UPON THE ACCURACY OR ADEQUACY OF THIS MEMORANDUM OR THE MERITS OF THE FUND AND ITS INTERESTS. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

OFFERING MEMORANDUM

NOVEMBER 22, 2011

**THE CATHOLIC CHURCH EXTENSION SOCIETY
OF THE UNITED STATES OF AMERICA
150 SOUTH WACKER DRIVE, 20TH FLOOR
CHICAGO, ILLINOIS 60606**

DEAR FRIENDS IN CHRIST:

Over the last months The Catholic Church Extension Society of the United States of America (“*Catholic Extension*”) has been in contact with many of you in an effort to understand the operational issues that Mission Dioceses face and to determine whether there were additional ways that Catholic Extension could assist the Mission Dioceses in fulfilling their charitable and religious missions. What we heard was that the Mission Dioceses face continuing financial pressures and need to find more cost-efficient ways to grow their assets and the assets of the charitable foundations with which they are affiliated. After careful consideration and consultation with our Chancellor (the Archbishop of Chicago), our Board of Governors and legal and financial advisors, Catholic Extension has decided to assist the Mission Dioceses in meeting their objectives by forming an investment fund to be known as the “Mission Diocese Fund, LLC” (the “*Fund*”).

This Offering Memorandum (this “*Memorandum*”) is being furnished on a confidential basis to (a) the “Mission Dioceses” of the Roman Catholic Church, as such characterization is determined from time to time by the Board of Governors of Catholic Extension, and (b) any organization exempt from taxation under Code Section 501(c)(3) whose primary purpose is to provide support to a Mission Diocese (each of which is a “*Mission Diocese Investor*” or a “*Member*”). It is intended to provide you with information to enable you to evaluate an investment in limited liability company interests in the Fund. The Fund is being formed to serve as a vehicle by which Mission Diocese Investors can pool their investable assets in order to obtain economies of scale and potentially create an opportunity for increased investment returns. By accepting this Offering Memorandum, we ask you not to transmit, reproduce or make available to any other person (other than your legal, tax, accounting and other advisers) all or any part of this Offering Memorandum without Catholic Extension’s express written permission and agree to return the documents if you do not desire to participate in the Fund.

Investment in the limited liability company interests will involve significant risks of loss due to, among other things, the nature of the Fund’s investments and the Fund’s reliance on the advice of various investment managers. A Mission Diocese Investor should have the financial ability and willingness to accept the significant risks and a level of illiquidity that are characteristic of the investment in the Fund described herein. You must also be able to satisfy certain qualifications that are described in this Memorandum. There will be no public market for the limited liability company interests and such interests will generally not be transferable.

This Memorandum is not an offer to sell to any person, or a solicitation to any person to buy, limited liability company interests in the Fund in any state or jurisdiction in which such an offer would be prohibited by law or to any person who does not meet the qualifications for a Mission Diocese Investor that are further described herein. No person other than Catholic Extension has been authorized to provide you with any information concerning the Fund or to

make any representation not contained in this Memorandum. In order to invest in the Fund, a Mission Diocese Investor will be required to submit a Suitability Questionnaire and execute the Fund's Second Amended and Restated Limited Liability Company Agreement, a Power of Attorney and a Subscription Agreement. These documents are being provided to you as part of a separate Subscription Booklet. In the event that any terms, conditions or other provisions of such agreements are inconsistent or contrary to the description of terms set forth in this Memorandum, the terms, conditions and other provisions of such agreements shall control.

If there are any changes to the Fund's Second Amended and Restated Limited Liability Company Agreement or any material changes to the disclosure contained in this Memorandum, we will provide you with a Supplement to this Memorandum describing any such changes.

You should not construe the contents of this Memorandum or any prior or subsequent communications from us regarding the Fund as legal or tax advice to you on an individual basis. We urge you to consult your own legal or other advisers in deciding whether to make an investment in the Fund. That said, please feel free to call Mr. Kevin McGowan, Catholic Extension's Chief Financial Officer (1-800-842-7804) at any time if you have any questions regarding this Memorandum or how the Fund plans to operate.

If you determine that the Fund is appropriate for you, we would welcome your participation in the Fund.

Very truly yours in Christ,

THE CATHOLIC CHURCH EXTENSION
SOCIETY OF THE UNITED STATES OF
AMERICA

By: _____

MISSION DIOCESE FUND, LLC

Offering Memorandum

Introduction and Overview

Mission Diocese Fund, LLC (the “*Fund*”) has been formed for the purpose of acting for the benefit of, performing the functions of, and/or carrying out the charitable and religious purposes of The Catholic Church Extension Society of the United States of America (either “*Catholic Extension*” or the “*Manager*”) and each organization that from time to time becomes a member of the Fund. The Fund will further the charitable and religious purposes of Catholic Extension and the Fund’s members by directly, or indirectly through one or more pooled investment vehicles, subscribing for, acquiring, holding, purchasing and selling Securities (as defined in the Second Amended and Restated Limited Liability Company Agreement of the Fund) (the “*LLC Agreement*”) and carrying on any other activity that may be lawfully carried on by a limited liability company organized under the Delaware Limited Liability Company Act and permitted to be carried on by an organization that is exempt from federal income taxation under Section 501(c)(3) of the Internal Revenue Code of 1986, as from time to time amended (“*Code*”) and that is a supporting organization under Section 509(a)(3) of the Code. The Fund has been recognized by the Internal Revenue Service as exempt from Federal income taxation under Section 501(c)(3) of the Code.

The Fund filed Articles of Organization on March 22, 2011 as a Delaware limited liability company. Catholic Extension will serve as the manager of the Fund. The Fund is offering its limited liability company interests in the Fund (the “*Interests*”) to Mission Diocese Investors. The Manager will admit initial Mission Diocese Investors as members at an initial closing and each Mission Diocese Investor will receive an interest in the Fund (an “*Interest*”) for each \$1.00 contribution that it makes to the Fund. At the discretion of the Manager, additional Members may acquire Interests in the Fund on the first business day of each calendar quarter or on any other date selected by the Manager. Existing Members may also acquire additional Interests, at the discretion of the Manager, as of the first business day of a calendar quarter. Any such additional Member, or any Member desiring to make an additional capital contribution to the Fund as of the first day of a calendar quarter shall receive a number of Interests (“*New Interests*”) for its contribution (“*New Contribution*”) so that the ratio of the New Interests to the aggregate Interests of all Members (including all Interests being issued to other Members as of such date) is equal to the ratio of (x) such New Contribution to (y) the Net Fund Value as of such date plus all contributions to the Fund on such date, including the New Contribution. The “Net Fund Value” on any date is the dollar amount derived by subtracting (i) the liabilities of the Fund (including any accrued expenses even if estimated) as of such date from (ii) the Asset Value as of such date (as defined in the LLC Agreement).

Subscriptions for the Interests are offered only to the Mission Diocese Investors able to make the representations set forth in the Subscription Agreement and Suitability Questionnaire that will be included in the Subscription Booklet that will be hereafter provided to Mission Diocese Investors.

An investment in the Fund involves risks (see “RISK FACTORS”). The Fund’s objective is to preserve the capital of its Members over the long-term, adjusting for inflation, while assuming withdrawals by Members of 3% to 5% per annum, while exceeding the Fund’s benchmarks over the long term.

The offering of the Interests offered hereby is not registered under the Securities Act of 1933, as amended (the “*Securities Act*”), but are offered in reliance upon the exemption in Section 3(a)(4) of the Securities Act for any security issued by a person organized and operated exclusively for religious, educational, benevolent, fraternal, charitable, or reformatory purposes and not for pecuniary profit, and no part of the net earnings of which inures to the benefit of any person, private stockholder, or individual, or any security of a fund that is excluded from the definition of an investment company under Section 3(c)(10)(B) of the Investment Company Act of 1940 (the “*Company Act*”). The offering of the Interests is likewise not registered under any state securities laws either because such securities laws are preempted by federal law or because the Interests are offered pursuant to one or more exemptions from such state securities laws.

Similarly, the Fund is not registered under the Company Act, but is relying upon the exclusion from the definition of “investment company” provided by Section 3(c)(10) thereof. The Interests may not be resold, transferred or otherwise disposed of except in compliance with the Securities Act, applicable state securities laws and after compliance with the provisions of the Fund’s LLC Agreement, which is the limited liability company agreement contemplated under Delaware law.

The address of the Fund and the Manager is 150 South Wacker Drive, Suite 2000, Chicago, Illinois 60606, telephone number 1-800-842-7804.

No person other than the Manager has been authorized to give any information or make any representation concerning the Fund other than as contained in this Memorandum, and if given or made, such other information or representation must not be relied upon.

The Interests offered hereby should be considered a long-term commitment by a Mission Diocese Investor and an investment therein involves risk.

Reference is made to the LLC Agreement and to the Subscription Agreement and Power of Attorney, respectively, for complete information concerning the rights and obligations of Mission Diocese Investors who purchase the Interests offered hereby. A copy of all documents relating to this offering that are described but not included herein will be made available to a Mission Diocese Investor upon request.

Each Mission Diocese Investor will be provided with a separate Subscription Booklet that will contain a Subscription Agreement and Power of Attorney and a Suitability Questionnaire.

The date of this Memorandum is November 22, 2011.

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SUMMARY

The following information is only a summary of certain of the information contained in this Memorandum and is qualified in its entirety by reference to the remainder of this Memorandum including the Operating Agreement. This Memorandum may be amended and supplemented from time to time. Capitalized terms used in this summary and not otherwise defined have the meanings assigned to them in this Memorandum or the Operating Agreement of the Fund which is attached hereto as Exhibit A.

Manager: Catholic Extension is an Illinois not-for-profit corporation with its primary office at 150 South Wacker Drive, 20th Floor, Chicago, Illinois 60606 and will be the manager of the Fund. The manager or managers of a limited liability company under the Delaware Limited Liability Company Act (the “*Act*”) serve a function that is analogous to the function of a board of directors of a for-profit or not-for-profit corporation.

Investment in The Fund: There is no minimum amount of Interests that must be sold before Mission Diocese Investors will be admitted to the Fund and the Manager will exercise its discretion as to when to commence the Fund’s operations. The minimum investment by a Mission Diocese Investor will at all times be \$100,000.

Fund Objectives: To act for the benefit of, to perform the functions of, and/or to carry out the charitable and religious purposes of Catholic Extension and each organization that from time to time becomes a member of the Fund (hereinafter a “*Member*”). The Fund shall further the charitable and religious purposes of the Members by acquiring, holding, purchasing and selling Securities (as defined in the Operating Agreement) with the objective of generating income while at all times preserving capital (See “*INVESTMENT POLICY*”). Catholic Extension believes that an investment in the Fund has the potential to benefit Members by providing them with the advantages of professional investment management at lower costs than would otherwise be available to them.

Withdrawals: A Member may set up a schedule of regular withdrawals with the Manager. For unscheduled withdrawals, a Member desiring to make a withdrawal of all or any portion of its Capital Account shall, not less than 75 days before the proposed withdrawal date, give notice to the Manager of such Member’s intention to make a withdrawal. There are other rules and restrictions that are applicable to complete or partial withdrawals from the Fund. (See “*ADMISSION TO FUND; WITHDRAWALS FROM CAPITAL ACCOUNTS; RETIREMENT FROM FUND*”).

Suitability Standards: A Member must, at the time of admission to the Fund, be (a) exempt from Federal income taxation under Section 501(a) of the Code because it is described in Code Section 501(c)(3), (b) described in either Code Section 509(a)(1) or Code Section 509(c)(2), and (c) either (i) a “Mission Diocese” of the Roman Catholic Church, as such characterization is determined from time to time by the Board of Governors of the Manager, or (ii) any organization exempt from taxation under Code Section 501(c)(3) whose primary purpose is to provide support to a Mission Diocese (a “*Supporting Institution*”). A Member must at all times be able to make the Charitable Representations (discussed herein).

Form of Organization: The Fund is organized as a limited liability company under the Act. Investors’ interests in the Fund are represented by “*Interests*.” Investors’ rights and obligations are governed by the LLC Agreement (attached as Exhibit A).

SUITABILITY AND QUALIFICATIONS

Each Mission Diocese Investor must meet certain suitability standards. The purchase of Interests is suitable only for Mission Diocese Investors who do not have a need for immediate liquidity with respect to this investment and who retain adequate means of providing for their immediate needs, and have sufficient funds to satisfy their current contingencies. An investment in the Fund is only suitable for a Mission Dioceses Investor that is able to make a long-term investment. The Manager will require Mission Diocese Investors to maintain a minimum investment of \$100,000 in the Fund.

As stated above, a Mission Diocese Investor must, at the time of admission to the Fund, be exempt from Federal income taxation under Code Section 501(a) because it is described in Code Section 501(c)(3), (b) described in either Code Section 509(a)(1) or Code Section 509(c)(2), and (c) either (i) a “Mission Diocese” of the Roman Catholic Church, as such characterization is determined from time to time by the Board of Governors of the Manager, or (ii) any Supporting Institution. If a Member ceases at any time to be a Mission Diocese or Supporting Institution but remains affiliated with the U.S. Conference of Catholic Bishops, such Member may continue as a Member of the Fund if such organization continues to be described in Code Section 501(c)(3) and either Code Section 509(a)(1) or Code Section 509(a)(2).

In its Subscription Agreement and the LLC Agreement, each Mission Diocese Investor must certify that: (a) it is described in Code Section 501(c)(3); (b) it is described in either Code Section 509(a)(1) or Code Section 509(a)(2); (c) it has the immediate, unencumbered, unrestricted and exclusive use, benefit and enjoyment of the funds that it contributes to the Fund; (d) the funds invested are not attributable to a retirement plan providing for employee contributions or variable benefits; and (e) no part of the earnings that the Mission Diocese Investor receives from the Fund will inure to the benefit of a private shareholder or individual and all earnings will only be used for charitable or religious purposes of the Mission Diocese Investor (“*Charitable Representations*”). Each Mission Diocese Investor will be considered as making the foregoing certifications continuously during its participation in the Fund. It must

provide immediate notice to the Manager if at any time it is unable to make such Charitable Representations.

To assist the Manager in determining whether a Mission Diocese Investor meets the required criteria, each must complete and provide the Manager with a Suitability Questionnaire in the form included in the Subscription Booklet that will be provided to them. A subscription will be accepted once the Manager is satisfied that a Mission Diocese Investor meets these requirements and is otherwise a suitable investor for the Fund.

It is possible that a Mission Diocese Investor in a particular state may need to satisfy certain other requirements imposed by the state securities laws of such state. If so, the Manager will communicate such additional requirements to the particular Mission Diocese Investor and will need to determine whether the Mission Diocese Investor is able to satisfy such requirements.

RISK FACTORS

An investment in the Fund is speculative in nature and incorporates a certain level of risk. Investment in the Fund is suitable only for Mission Diocese Investors who understand (either on their own or after consultation with one or more advisers) and are capable of bearing the risks of an investment in the Fund. No guarantee or representation is made that the Fund will achieve its investment objectives or that Members will receive a return of their capital or any specific return thereon. The following discusses certain risks and potential conflicts of interest. However, this list is not, and is not intended to be, an exhaustive list or a comprehensive description of the types of risks that a Mission Diocese Investor may encounter, and other risks and conflicts not discussed below may arise in connection with the management and operation of the Fund. The following risk factors should be considered carefully by each Mission Diocese Investor.

Market Risks

General. Markets in which the Fund may invest are subject to fluctuations, and the market value of any particular investment of the Fund may be subject to substantial variation. Notwithstanding the existence of a public market for particular financial instruments, such instruments may be thinly traded or may cease to be traded after an investment is made in them. This could increase the level of illiquidity in the Fund's portfolio. In addition, no assurance can be given that the Fund's investments will appreciate in value.

High Risk Investing. Certain risks are involved in the Fund's investments in securities. The prices of many of the securities in which the Fund may invest are highly volatile and market movements are difficult to predict. Moreover, the value of the Fund's investment positions may be subject to decreases as a result of general economic conditions and/or adverse effects upon the companies in which the Fund, directly or indirectly, owns securities. Risk management techniques may not be successful and therefore the Fund could experience substantial losses.

Issuer Risk. Issuer risk is the possibility that a company's performance will affect the market price of its security and the value of the Fund. Some factors affecting the performance of a company include demand for the company's products or services, the quality of management of the company and brand recognition and loyalty. Common stocks of a company are subordinate to other securities issued by the company. If a company becomes insolvent, the

interests of investors owning common stock will be subordinated to the interests of other investors in, and general creditors of, the company.

Volatility Risk. Volatility risk is the risk that certain types of securities shift in and out of favor depending on market and economic conditions as well as investor sentiment. Growth style investing includes the risk of investing in securities whose prices historically have been more volatile than other securities, especially over the short term. Growth stock prices reflect projection of future earnings or revenues and, if a company's earnings or revenues fall short of expectations, its stock price may fall dramatically. In addition, medium-sized companies often have greater price volatility, lower trading volume, and less liquidity than larger, more-established companies. These companies tend to have smaller revenues, narrower product lines, less management depth and experience, smaller shares of their product or service markets, fewer financial resources, and less competitive strength than larger companies.

Investment Risks

Nature of Investments. The Manager will have broad discretion in choosing its investment managers, who may also have significant discretion in making investments for the Fund. Investments will generally consist of equity securities, bonds and other assets that may be affected by business, financial market or legal uncertainties. There can be no assurance that the Manager, the Investment Consultant (defined below) and portfolio investment managers retained by the Fund will correctly evaluate the nature and magnitude of the various factors that could affect the value of and return on investments. Prices of investments may be volatile, and a variety of factors that are inherently difficult to predict, such as domestic or international economic and political developments, may significantly affect the results of the Fund's activities and the value of its investments. No guarantee or representation is made that the Fund's investment objective will be achieved.

Small Companies. Subject to any restrictions described in the Investment Policy of the Fund (described below), the Fund may invest in small and/or less established companies. While smaller companies generally have potential for rapid growth or decline, they often involve higher risks because they lack the management experience, financial resources, product diversification, and competitive strength of larger corporations. In addition, in many instances, the frequency and volume of their trading is substantially less than is typical of larger companies. As a result, the securities of smaller companies may be subject to wider price fluctuations. In addition, due to thin trading in some of those stocks, an investment in those stocks may be considered less liquid than an investment in many large capitalization stocks. When making large sales, the Fund may have to sell portfolio holdings at discounts from quoted prices or may have to make a series of small sales over an extended period of time due to the trading volume of smaller company securities.

Fixed Income Securities. The Fund may invest in bonds and other fixed income securities of U.S. and non-U.S. issuers, including without limitation debt securities issued or guaranteed by the U.S. Government or one or more of its agencies or instrumentalities; debt securities issued or guaranteed by a non-U.S. government or one of its agencies or instrumentalities; bonds, notes and debentures issued by corporations; and commercial paper. The values of fixed income securities in which the Fund invests will change in response to

fluctuations in interest rates. In addition, the values of certain fixed-income securities can fluctuate in response to changes in perceptions of creditworthiness, political stability or soundness of economic policies. Fixed income securities are subject to the risk of the issuer's inability to meet principal and interest payments on its obligations (*i.e.*, credit risk) and are subject to price volatility due to such factors as interest rate sensitivity, market perception of the creditworthiness of the issuer and general market liquidity (*i.e.*, market risk).

Short Sales. The Fund may engage in short-selling through qualified fund managers. A short sale involves the sale of a security that the seller does not own in the expectation of purchasing the same security (or a convertible security) at a later date at a lower price. To make delivery to the buyer, the seller must borrow the security, and the seller is obligated to return the security to the lender, which is accomplished through a later purchase of the security by the seller. A short sale involves the risk of a theoretically unlimited increase in the market price of the security. The Manager will not necessarily have a policy limiting the amount of the capital that it may deposit to collateralize its obligation to replace borrowed securities sold short.

Futures Contracts. The Fund may engage in futures contracts through qualified fund managers. The value of futures depends upon the price of the securities, commodities, instruments, indices or other financial measures underlying them. The prices of futures are highly volatile, and price movements of futures contracts can be influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, and national and international political and economic events and policies. In addition, investments in futures are also subject to the risk of the failure of any of the exchanges on which the Fund's positions trade or of its clearinghouses or counterparties.

Futures positions may be illiquid because certain commodity exchanges limit fluctuations in certain futures contract prices during a single day by regulations referred to as "daily price fluctuation limits" or "daily limits." Under such daily limits, during a single trading day no trades may be executed at prices beyond the daily limits. Once the price of a particular futures contract has increased or decreased by an amount equal to the daily limit, positions in that contract can neither be taken nor liquidated unless traders are willing to effect trades at or within the limit. This could prevent the Fund from promptly liquidating unfavorable positions and subject the Fund to substantial losses or from entering into desired trades. In extraordinary circumstances, a futures exchange, the Commodity Futures Trading Commission or other similar non-U.S. regulatory body or agency could suspend trading in a particular futures contract, or order liquidation or settlement of all open positions in such contract.

Leverage. The Fund may utilize leverage in limited circumstances through qualified fund managers. This results in the Fund controlling more assets than the Fund has equity. Leverage increases the Fund's returns if the Fund earns a greater return on investments purchased with borrowed funds than the Fund's cost of borrowing such funds. However, the use of leverage exposes the Fund to additional levels of risk including (i) greater losses from investments than would otherwise have been the case had the Fund not used leverage to make the investments, (ii) margin calls or changes in margin requirements may force premature liquidations of investment positions, and (iii) losses on investments where the investment fails to earn a return that equals or exceeds the Fund's cost of leverage related to such investments. In

case of a sudden, precipitous drop in value of the Fund's assets, the Fund might not be able to liquidate assets quickly enough to repay its borrowings, further magnifying the losses incurred by the Fund. Notwithstanding the foregoing leverage will only be implemented to the extent permitted by the Investment Policy of the Fund, as amended from time to time.

In an unsettled credit environment, the Manager may find it difficult or impossible to obtain leverage for the Fund. Since leveraging its assets may be an important part of the investment strategy of the Fund, in such event the Fund may find it difficult to fully implement its strategy. In addition, any leverage obtained, if terminated on short notice by the lender, may result in the Manager being forced to unwind positions quickly and at prices below what the Manager deems to be fair value for the positions.

Options. The Fund may purchase or sell options through qualified fund managers. Purchasing put and call options, as well as writing such options, are highly specialized activities and entail greater than ordinary investment risks. Because option premiums paid or received by an investor are small in relation to the market value of the investments underlying the options, buying and selling put and call options can result in large amounts of leverage. As a result, the leverage offered by trading in options could cause an investor's asset value to be subject to more frequent and wider fluctuations than would be the case if the investor did not purchase or sell options.

Derivatives. The Fund may, through qualified fund managers, invest in complex derivative instruments which seek to modify or emulate the investment performance of particular securities, commodities, currencies, interest rates, indices or markets on a leveraged or unleveraged basis. These instruments generally have counterparty risk and may not perform in the manner expected by the counterparties, thereby resulting in greater loss or gain to the investor. These investments are all subject to additional risks that can result in a loss of all or part of an investment, such as interest rate and credit risk volatility, world and local market price and demand, and general economic factors and activity. Derivatives may have very high leverage embedded in them which can substantially magnify market movements and result in losses greater than the amount of the investment. Some of the markets in which derivative transactions may be effected are over-the-counter or inter-dealer markets. The participants in such markets are typically not subject to credit evaluation and regulatory oversight as are members of exchange-based markets. This exposes the Fund to the risks that a counterparty will not settle a transaction because of a credit or liquidity problem or because of disputes over the terms of the contract. The Fund is not restricted from dealing with any particular counterparty or from concentrating all of its transactions with one counterparty.

Swap Transactions. The Fund may, through qualified fund managers, enter into swap agreements with respect to interest rates, currencies, securities, indexes of securities and other assets or other measures of risk or return (or components of any of them). The Fund may enter into options on swap agreements (otherwise known as, swaptions). Swap agreements are typically two-party contracts entered into primarily by institutional investors for periods ranging from a few weeks to many years. In a standard "swap" transaction, two parties agree to exchange the returns (or the differential in rates of return) earned or realized on particular predetermined investments, instruments, or indices. The gross returns to be exchanged or "swapped" between the parties are generally calculated with respect to a "notional amount." Types of interest rate

swap agreements include interest rate caps, under which, in return for a premium, one party agrees to make payments to the other to the extent that interest rates exceed a specified rate, or “cap”; interest rate floors, under which, in return for a premium, one party agrees to make payments to the other to the extent that interest rates fall below a specified rate, or “floor”; and combinations of caps and floors, under which a party purchases or sells caps or floors or a combination thereof in an attempt to protect itself against interest rate movements inside or outside a specified range. A swaption is a contract that gives a party the right (but not the obligation) to enter into a new swap agreement or to shorten, extend, cancel, or otherwise modify an existing swap agreement, at some designated future time on specified terms. The Fund may sell and purchase put and call swaptions. Whether the Fund’s use of swap agreements or swaptions will be successful will depend on the Manager’s ability to select appropriate transactions for the Fund. Swap transactions may be highly illiquid. Moreover, the Fund bears the risk of loss of the amount expected to be received under a swap agreement in the event of the default or insolvency of its counterparty. Many swap markets are relatively new and still developing. It is possible that developments in the swap markets, including potential government regulation, could adversely affect the Fund’s ability to terminate existing swap transactions or to realize amounts to be received under such transactions.

Credit Default Swaps. The Fund may, through qualified fund managers, enter into credit default swaps and other similar transactions. A credit default swap is a contract between two parties which transfers the risk of loss if a company or a sovereign or other governmental entity fails to make timely payments of principal or interest on its debt securities or becomes insolvent. In essence, an institution which owns corporate or sovereign or other government debt instruments or which believes that the risk of default for such instruments is undervalued can purchase a limited form of default protection by entering into a credit default swap with another bank, broker-dealer or financial intermediary.

Credit default protection is also purchased and sold in respect of credit risks represented in baskets of securities. Protection may be bought or sold on the entire spectrum of credit risks in such a basket, or only on the first x%, the last x% or an intermediate x% thereof (*i.e.*, in tranches). The creditworthiness of various baskets of debt instruments is reflected in certain indices (which are effectively baskets of credit default swaps). Options can be bought and sold on such indices, allowing the buyer or seller to be long or short credit protection in respect of the securities underlying the index. Credit protection may be bought or sold not only so as to give the buyer the one-time right to be compensated in the event of certain defaults, but also on a “pay-as-you-go” basis, where underpayments of interest or principal and certain writedowns and other similar events result in payments to the protection buyer.

Credit default swaps and similar transactions can be used to hedge a portion of the default risk on a single corporate or sovereign or other government bond or a portfolio of bonds. Credit default swaps can be used to implement the Manager’s view that a particular credit, or group of credits, will experience a change in creditworthiness. In the case of expected credit improvement, the Fund may sell credit default protection in which it receives a premium to take on the risk. In such an instance, the obligation of the Fund to make payments upon the occurrence of a credit event creates leveraged exposure to the credit risk of the referenced entity. The Fund may also “purchase” credit default protection even in the case in which it does not own the referenced instrument if, in the judgment of the Manager, there is a likelihood of credit deterioration not

fully reflected in the price of the protection. The Fund may also “purchase” credit default protection in respect of one class of debt issued by a corporation or sovereign or other governmental entity and “sell” credit default protection in respect of another class of debt issued by such corporation or sovereign or other governmental entity, effectively taking the position that the relative pricing of the two swaps is incorrect. The Manager may enter into credit default swap and similar transactions, even if the credit outlook is positive, if it believes that participants in the marketplace have incorrectly valued the components which determine the value of a swap.

The credit default swap market is comparatively new and rapidly evolving. Swap, option and similar transactions dependent upon credit events are priced incorporating many variables including the pricing and volatility of the common stock, the potential loss upon default and the shape of the U.S. Treasury Yield curve, among other factors. As such, there are many factors upon which market participants may have divergent views. In addition, in light of recent developments in the securities and credit markets, it is possible that the market for credit default swaps may be significantly limited, and may become subject to significant legal and regulatory constraints.

Hedging Risk. The Manager may from time to time engage in a hedging strategy designed to reduce the volatility of the value of the Fund’s positions to a degree consistent with maintaining the degree of leverage that will maximize expected returns. However, there is no assurance that this strategy will be effective. The correlation between hedging instruments and primary portfolio positions can be reduced or lost due to a large number of factors, including counterparty credit failure, differential effects of volatility between various instruments, and uncorrelated changes in spreads between instruments.

Currencies. The Fund may invest portions of its assets in instruments denominated in non-U.S. currencies, including, without limitation, options on such currencies, the prices of which are determined with reference to currencies other than the U.S. dollar. The Fund, however, values its securities and other assets in U.S. dollars. The Manager may or may not seek to hedge all or any portion of the foreign currency exposure of the Fund. To the extent unhedged, the value of the assets of the Fund will fluctuate with U.S. dollar exchange rates as well as the price changes of the investments of the Fund in the various local markets and currencies. Thus, an increase in the value of the U.S. dollar compared to the other currencies in which the Fund makes its investments will reduce the effect of increases and magnify the effect of decreases in the prices of the securities owned by the Fund in the local markets of such other currencies. Conversely, a decrease in the value of the U.S. dollar will have the opposite effect on the non-U.S. dollar securities owned by the Fund.

Non-U.S. Securities. Investing in securities of non-U.S. governments and companies which are generally denominated in non-U.S. currencies, and utilization of currency forward contracts and options on currencies involve certain considerations comprising both risks and opportunities not typically associated with investing in securities of United States issuers. These considerations include changes in exchange rates and exchange control regulations, political and social instability, expropriation, imposition of non-U.S. taxes, less liquid markets and less available information than are generally the case in the U.S., higher transaction costs, less government supervision of exchanges, brokers and issuers, difficulty in enforcing contractual obligations, lack of uniform accounting and auditing standards and greater price volatility.

Special Situations. The Fund may invest in companies involved in (or the target of) acquisition attempts or tender offers or companies involved in work-outs, liquidations, spin-offs, reorganizations, bankruptcies and similar transactions. In any investment opportunity involving any such type of business enterprise, there exists the risk that the transaction in which such business enterprise is involved either will be unsuccessful, take considerable time or will result in a distribution of cash or a new security the value of which will be less than the purchase price to the Fund of the security or other financial instrument in respect of which such distribution is received. Similarly, if an anticipated transaction does not in fact occur, the Fund may be required to sell its investment at a loss. Because there is substantial uncertainty concerning the outcome of transactions involving financially troubled companies in which the Fund may invest, there is a potential risk of loss by the Fund of its entire investment in such companies.

Counterparts and Settlement Risk. To the extent the Fund invests in swaps, “synthetic” or derivative instruments, repurchase agreements or certain types of option or other customized financial instruments, or, in certain circumstances, non-U.S. securities, the Fund takes the risk of non-performance by the other party to the contract. This risk may include credit risk of the counterparty and the risk of settlement default. This risk may differ materially from those entailed in exchange-traded transactions which generally are supported by guarantees of clearing organizations, daily marking-to-market and settlement, and segregation and minimum capital requirements applicable to intermediaries. Transactions entered into directly between two counterparties generally do not benefit from such protections and expose the parties to the risk of counterparty default.

Concentration and Non-Diversification of Investments. The Fund itself will attempt to diversify its Fund portfolio over time by investing in numerous issuers and industries. However, the Fund may concentrate its investments by investing a substantial portion of its assets in one or a few industries, countries or issuers. To the extent the Fund does concentrate in any of these ways, the overall adverse impact on the Fund of adverse developments in the business of such issuers, industries or countries could be considerably greater than if it did not concentrate its investments to such an extent. The smaller the Fund size, the greater this diversification risk may become because the Fund will have less assets to invest and may not be able to establish as diverse of a portfolio as it would otherwise have if the Fund size were larger.

Available Opportunities. Identification and exploitation of the investment strategies to be pursued by the Fund involves a high degree of uncertainty. No assurance can be given that the Manager will be able to locate suitable investment opportunities in which to deploy all of the Fund’s capital.

Management Risks

Abilities of the Manager. The success of the Fund’s investment strategy depends significantly on the ability of the Manager of the Fund to assess the potential of the investment managers that it hires to grow the assets of the Fund. The Manager’s assessment of the capabilities of investment managers may prove incorrect, resulting in losses or poor performance even in rising markets. The Interests of the Fund held by Mission Diocese Investors will rise and fall in value and there is a risk that you could lose money by investing in the Fund. The Fund cannot be certain that it will achieve its goal.

Conflicts of Interest. Conflicts of interest may exist in the structure and operation of the Fund's operations. The Manager, and any of its governors, officers, employees, agents, committee members, and their affiliates, may trade in securities and other instruments suitable for the Fund and they are not obligated to refer any investment opportunity to the Fund. The Manager, and any of its governors, officers, employees, agents, committee members, and their affiliates may engage in transactions or investments that may differ from or be identical to the transactions or investments engaged in by or for the account of the Fund. No funds, securities or property of the Fund will be commingled by the Manager with its own property or the property of any other fund or person. The Investment Policy of the Manager with respect to the Fund requires members of the Investment Committee of the Manager to disclose each instance in which they enter or exit any equity investment that represents more than five percent (5%) of the voting or equity securities of an investment held by the Fund. In addition, the members of the Investment Committee of the Manager are subject to applicable law and the general conflict of interest policy of the Manager.

Allocation of the Manager's Resources. The officers and employees of the Manager and the Investment Committee of the Manager will devote such time as they, in their discretion, deem necessary to carry out the operations of the Fund. However, such officers, employees and Investment Committee members will also work on investments for the Manager's own account and conflicts of interest may arise in allocating management time, services, or functions among the Fund and the Manager. The members of the Investment Committee of the Manager volunteer their time and effort to serve on the Investment Committee and have other full-time commitments.

Dependence on Manager and Members of the Investment Committee. All decisions with respect to the activities of the Fund are made exclusively by the Manager. Mission Diocese Investors will not have the opportunity to evaluate fully for themselves the relevant economic, financial, and other information regarding the Fund's investments. Mission Diocese Investors are dependent on the Manager's judgment and abilities, the advice of the Investment Consultant and the judgment of third-party investment managers. Accordingly, no person should purchase Interests unless it is willing to entrust all aspects of the activities of the Fund to the Manager.

Reliance on Cambridge Associates. The Manager expects to utilize a non-discretionary investment consultant ("*Investment Consultant*") such as Cambridge Associates, LLC ("*Cambridge*") to advise on the selection of portfolio managers and perform other consulting functions. The Manager intends to place significant reliance upon the Investment Consultant's suggestions and/or advice in making investment decisions on behalf of the Fund. However, there is no guarantee that the advice and/or recommendations provided by the Investment Consultant will ultimately prove to be correct or suitable for the Fund, or that certain portfolio managers recommended by the Investment Consultant will perform as expected.

Limited Management Rights. Subject to certain very limited rights of the Members as set forth in the Operating Agreement, and certain other limitations imposed by law, the Manager has full, exclusive and complete authority to implement the Fund's objective. The Interests are generally non-voting and do not permit the Members to vote on any matters except as set forth in the Operating Agreement. The Members will not have any control over the investment decisions of the Fund.

Fund Risks

Fund Not Registered. The Fund is not registered under the Company Act. The Company Act provides certain protections to investors and imposes certain restrictions on registered investment companies, none of which will be applicable to the Fund.

Operating Deficits. The expenses of operating the Fund could at certain times exceed its income. This would require that the difference be paid out of the Fund's capital, reducing the Fund's investments and potential for profitability.

Lack of Transferability of Interests. The Interests have not been registered under the securities laws of any jurisdiction and are subject to restrictions on transfer. Interests are not assignable or transferable without the prior consent of the Manager, which consent may be granted or withheld in its sole discretion. It is unlikely that the Manager will exercise its discretion to grant consent to any transfer. Even if it does, a transferee must be able to make the Charitable Representations.

Lack of Income Distributions. The Fund is not planning on making regular income distributions to Members in respect of their Interests. Therefore, if a Member needs to use a portion of the funds to meet its regular spending needs, then the Member will need to arrange for regular withdrawals from the Fund. The Manager will set up a procedure whereby Members can arrange for regular withdrawals in advance.

Limited Right of Withdrawal. A Member may only effect a full or partial withdrawal from the Fund on the first business day following the end of any calendar quarter upon at least 45 days prior notice or by arranging regular withdrawals in advance, except as otherwise provided in the Operating Agreement. Significant withdrawals from the Fund may cause a temporary imbalance in the Fund's portfolio, which may adversely affect the remaining Members. Because a portion of the Fund's portfolio may be illiquid, the Fund, in order to honor redemption requests, may be forced to sell its more liquid positions at a disadvantageous time, resulting in a greater percentage of the portfolio consisting of illiquid securities. The liquidation of positions at an inappropriate time or on unfavorable terms could have a negative impact on the Net Fund Value of the Fund. Withdrawals may be limited, in the Manager's discretion, where, in the view of the Manager, the disposal of part or all of the Fund's assets to meet withdrawal requests would not be in the best interests of the Fund. In addition, upon the retirement of a Member from the Fund, the Manager shall have the right to retain a reasonable reserve for such Member's share of any known expenses or definite or contingent liabilities of the Fund for periods in which such Member was a Member that were not previously taken into account in the former Member's Capital Account.

Operating History. The Fund has not commenced operations and, accordingly, does not have an operating history upon which the Mission Diocese Investors may evaluate its likely performance. However, the Manager and members of its Investment Committee have experience in overseeing the investments of Catholic Extension with similar investment objectives. There can be no assurance that the Fund will achieve its investment objectives.

Valuation of the Fund's Assets and Liabilities. The Manager calculates the value of the securities and other investments held by the Fund, as well as its liabilities, based on the periodic reports received by the Fund from third-party portfolio managers. There is no guarantee that such value will represent the value that will be realized upon an immediate disposition of the investment. As a result, a Member withdrawing from the Fund prior to realization of such an investment may not participate in gains or losses therefrom.

Custody and Brokerage Risk. There are risks involved in dealing with the custodians or brokers who settle the Fund's trades. The Fund expects to maintain a custody account with State Street Global Services ("*State Street*"). Although the Manager monitors State Street, there is no guarantee that State Street or any other custodian that the Fund may use from time to time, will not become bankrupt or insolvent. While both the U.S. Bankruptcy Code and the U.S. Securities Investor Protection Act of 1970 seek to protect customer property in the event of a bankruptcy, insolvency, failure or liquidation of a broker-dealer, there is no certainty that, in the event of a failure of a broker-dealer that has custody of the Fund's assets, the Fund would not incur losses due to its assets being unavailable for a period of time, the ultimate receipt of less than full recovery of its assets or both.

The Fund and/or State Street may appoint sub-custodians in certain non-U.S. jurisdictions to hold the assets of the Fund. The Custodian may not be responsible for cash or assets which are held by sub-custodians in certain non-U.S. jurisdictions, nor for any losses suffered by the Fund as a result of the bankruptcy or insolvency of any such sub-custodian. The Fund may therefore have a potential exposure on the default of any sub-custodian and, as a result, many of the protections that would normally be provided to a fund by a custodian may not be available to the Fund. Under certain circumstances, including certain transactions where the Fund's assets are pledged as collateral for leverage from a non-broker-dealer custodian or a non-broker-dealer affiliate of State Street, or where the Fund's assets are held at a non-U.S. custodian, the securities and other assets deposited with the custodian or broker may not be clearly identified as being assets of the Fund and hence the Fund could be exposed to a credit risk with regard to such parties. Custody services in certain non-U.S. jurisdictions remain undeveloped and, accordingly, there is a transaction and custody risk of dealing in certain non-U.S. jurisdictions. Given the undeveloped state of regulations on custodial activities and bankruptcy, insolvency, or mismanagement in certain non-U.S. jurisdictions, the ability of the Fund to recover assets held by a sub-custodian in the event of the sub-custodian's bankruptcy or insolvency could be in doubt, as the Fund may be subject to significantly less favorable laws than many of the protections that would be available under U.S. laws. In addition, there may be practical or time problems associated with enforcing the Fund's rights to its assets in the case of a bankruptcy or insolvency of any such party.

Exculpation and Indemnification. Certain exculpation and indemnification provisions contained in the Operating Agreement may limit the rights of action otherwise available to Members and other parties against the Manager or its governors, officers, employees and agents.

Socially Responsible Investing. The Fund relies on qualified fund managers to make investment decisions on behalf of the fund and there is a risk that those decisions could conflict with the Socially Responsible Investing ("SRI") policies as outlined by the U.S. Conference of

Catholic Bishops and incorporated into the Investment Policy of the Fund. The Manager intends to follow due diligence and monitoring procedures to mitigate this risk.

Fees of Hedge Funds and Other Private Investment Vehicles. The Fund is likely to invest in hedge funds and other private investment vehicles ("*Private Funds*") from time to time. Such Private Funds typically charge investors a management fee at regular intervals that is based upon the net asset value of the Private Fund as of the date of calculation. Such Private Funds may also charge an investor a performance fee (typically 20% of the realized and unrealized appreciation in the net asset value over a designated performance period, which is often a one year period). An investor (such as the Fund) in a Private Fund may make multiple capital contributions to such Private Fund and each capital contribution may have a separate performance period for purposes of calculation of the performance fee. Some Private Funds may use a "high watermark" approach which means that an investor whose account has suffered a loss may not be charged a performance fee on subsequent appreciation until such time as the investor's account has recovered prior losses and the account's net asset value exceeds the previous high watermark.

Performance Fees of Private Funds

A Mission Diocese Investor should be aware that when it makes a New Contribution to the Fund, the date of such New Contribution will not necessarily correlate with the commencement of a new performance period in the Private Funds in which the Fund is then investing. Similarly, when a Member makes a withdrawal of all or a portion of its Capital Account, the date of such withdrawal may not necessarily correlate with the end of a performance period for the Private Funds in which the Fund is then investing. The effect of the foregoing is that at times a Member may, with respect to a New Contribution, bear the full amount of a performance fee charged to the Fund by a particular Private Fund for a performance period despite the fact that such Member's New Contribution was not invested for the entirety of such performance period. On the other hand, at the time of a Member's New Contribution, the Fund may have suffered losses in a particular Private Fund where the Fund's account is below its high watermark. In such case, a New Contribution by a Member may not bear a performance fee on appreciation until such time as the Private Fund's performance has exceeded the high watermark.

Similarly, a Member making a withdrawal from the Fund may, with respect to a particular performance period of the Fund in a Private Fund, not bear a performance fee for such period because such withdrawal is occurring other than at the end of such performance period.

Management fees of Private Funds

Similar consequences may exist with respect to a Private Fund's charge of a management fee to the Fund for a particular management fee period. To the extent that a Member makes a New Contribution to the Fund during a management fee period of a Private Fund and such management fee was charged to the Fund in advance, the Member will be benefitted. To the extent that a Member makes a New Contribution during a management fee period and such management fee is payable in arrears, the Member will suffer a detriment. To the extent that a Member makes a withdrawal during a management fee period of a Private Fund and such management fee is payable in arrears, the Member will be benefitted. To the extent that a

Member makes a withdrawal during a management fee period of a Private Fund and such fee was payable in advance, the Member will suffer a detriment. *It is impossible to predict the consequences of the foregoing to any particular Member.*

Risk Tolerance

The Manager has adopted an Investment Policy for the Fund that attempts to provide a level of liquidity to meet an assumed level of withdrawals by Members to meet their spending policies while seeking to maintain the purchasing power of the Fund's assets. To satisfy its long-term rate-of-return objectives, the Manager relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Investment Policy has been established to seek to maximize investment results while not taking risks that would jeopardize the Member's capital. However, despite this approach, there cannot be any guarantee that the Members' capital will not be adversely impacted under various circumstances.

EXPENSE INFORMATION

No Management Fee

In furtherance of its charitable and religious mission and its interest in supporting the charitable and religious efforts of the Members, the Manager will not charge any management fee or other compensation for its services.

Costs and Expenses

The Fund will bear all costs and expenses incurred in its operations, including, but not limited to, expenses associated with the holding, purchase, sale or exchange of Securities (as defined in the Operating Agreement), interest on borrowed money, brokerage fees, legal fees, audit and accounting fees, investment manager fees relating to investments or proposed investments, the fees of the Investment Consultant, taxes applicable to the Fund on account of its operations, and fees incurred in connection with the maintenance of bank or custody accounts.

The Fund will also reimburse the Manager for no more than seventy-five percent (75%) of its out-of-pocket expenses incurred in performing its duties, including, but not limited to, the compensation of staff directly attributable to their work on matters related to the Fund. The Manager will only receive a partial reimbursement of its out-of-pocket expenses as a further effort by the Manager to support the Fund and its Members in the fulfillment of their charitable and religious missions. The Manager expects its reimbursable out-of-pocket expenses for the initial year of the Fund's operations not to exceed \$100,000.

Fee of Investment Consultant

The Manager expects to utilize the services of an Investment Consultant to advise on selection of portfolio managers and perform other consulting functions for the Fund. The initial Investment Consultant will be Cambridge (*See "INVESTMENT POLICY"*). The Manager will

review and approve all fees Cambridge will charge the Fund for its services. The fee of the Investment Consultant for its initial year of services to the Fund will be \$45,000.

Fees of Custodian

The Fund has entered into an agreement with State Street to act as its custodian for the Fund. The Manager will review and approve all fees State Street will charge for its services.

Organizational Expenses

The Manager will bear all legal and other organizational expenses with respect to the Fund.

Charging of Certain Expenses

A Member's Capital Account will be credited with (a) the amount of money contributed by or on behalf of such Member and with such Member's share of Net Profits and (b) shall be charged with such Member's share of Net Losses, distributions, withdrawals, withholding taxes (if any) and any other expenses that the Manager, in its reasonable discretion, considers appropriate to charge (based on a reasonable accrual) to such Member's Capital Account in order for such Member to bear an appropriate share of Fund expenses for any monthly period of the Fund (which expenses are not included in the allocation of Net Profits and Net Losses to such Member). Expenses will generally be charged to Capital Accounts on a monthly basis. For example, if a service provider to the Fund were to charge the Fund a fee that is payable on a semi-annual basis, and a Member were to withdraw midway through such semi-annual period, the Manager may charge the Capital Account of such Member with its proportionate share of 1/2 of such fee, despite the fact that such fee is not payable until the end of such semi-annual period.

INVESTMENT POLICY

The Investment Committee of the Manager has adopted an initial Investment Policy ("***Investment Policy***") for the Fund. A copy of it is attached to this Memorandum as Exhibit B. Mission Diocese Investors are urged to review the Investment Policy closely.

LIMITATIONS ON FUND ACTIVITIES

No dividends, liquidating dividends, or distributions shall be declared or paid by the Fund to (1) any private individual, (2) to any officer or director of the Fund, or (3) to any Manager or Member of the Fund that cannot make the Charitable Representations.

No substantial part of the activities of the Fund shall consist of carrying on propaganda or otherwise attempting to influence legislation, unless by appropriate election a greater part is permitted without jeopardizing the Fund's exemption under Code Section 501(c)(3). The Fund shall neither participate in, nor intervene in, any political campaign on behalf of (or in opposition to) any candidate for public office, including by publishing or distributing any statements.

No part of the net earnings or net income of the Fund shall inure to the benefit of (1) any private individual, (2) any officer of the Fund, or (3) to any Manager or Member of the Fund that cannot make the Charitable Representations.

The Fund shall not carry on any other activities not permitted to be carried on by an organization described in Code Section 501(c)(3), by a supporting organization under Code Section 509(a)(3), by an organization contributions to which are deductible under Code Section 170(c)(2), and by a limited liability company under the Act.

If at any time the Fund is classified as a private foundation as defined in Code Section 509(a), the income of the Fund shall be distributed at such time and in such manner as not to subject it to tax under Code Section 4942. During any such period, the Fund shall not engage in any act of self-dealing, or retain any excess business holdings, or make any taxable expenditures as defined in Code Sections 4941(d), 4943(c), and 4945(d), respectively. During any such period, the Fund shall not make any investments in such manner as to subject it to tax under Code Section 4944 or make any indemnification payment that would give rise to a penalty excise tax under Code Chapter 42.

MANAGEMENT

The Manager

The business and affairs of the Fund will be managed by Catholic Extension, as its Manager. The Manager will have the sole and exclusive right to manage, control, and conduct the affairs of the Fund, and to do any act or acts on behalf of the Fund. The Board of Governors of the Manager has delegated oversight of the Fund to the Manager's Investment Committee, who may consult with the Chancellor of Catholic Extension (the Archbishop of Chicago) from time to time. The Manager may retain or employ, on behalf of and at the expense of the Fund, any agent or third party to provide other services to the Fund.

The Members will not participate in management nor will they have any authority to act for or on behalf of the Fund. However, the Manager may not take certain actions without the consent of the Members holding sixty-six and two thirds percent (66 ²/₃%) of the Fund Percentages, including (i) dissolving and terminating the Fund; (ii) approving an amendment to the LLC Agreement that requires the consent of the Members, or (iii) admitting any additional or substitute Manager of the Fund.

In no event shall the Manager be a "disqualified person" as the term is defined in Code Section 509(a)(3)(c). If the Manager becomes a "disqualified person," it shall be deemed to have resigned immediately.

The Manager is only required to devote such time as it deems necessary to manage the affairs of the Fund. The Manager and any of its governors, officers, consultants, employees or agents may pursue or acquire any interest in other ventures (including those that may be competitive to the Fund) and may purchase, sell, manage or hold securities for the account of any other person, enterprise or for their own account, regardless of whether or not any such securities are purchased, sold or held for the account of the Fund.

The day-to-day operations and maintenance of the Fund will be under the supervision of Kevin McGowan, the Chief Financial Officer of the Manager. By resolution, the Board of Governors of Catholic Extension has authorized Mr. McGowan to act on behalf of Catholic Extension when it is operating as Manager. In this role, Mr. McGowan manages the financial reporting and stewardship of Catholic Extension's investment portfolio. Before joining Catholic Extension, Mr. McGowan spent more than 20 years as a management consultant helping clients in diverse industries with a variety of financial, organizational and strategic issues. Most recently, he was a Managing Director at Huron Consulting Group, leading the strategic planning process and analysis of Catholic Extension's operations and management structure to enable it to carry out Catholic Extension's mission and vision. Mr. McGowan received a Bachelor of Arts, with Honors, from Wesleyan University in Middletown, Connecticut and an MBA in Finance and Business Strategy from the University of Chicago Graduate School of Business.

The Manager's Investment Committee

The Investment Committee of the Manager has and may exercise the authority of the Board of Governors of the Manager with respect to investment matters of the Fund. The Investment Committee's principal responsibility is to see that the Investment Policy of the Fund is followed, modified and executed appropriately. This may include:

- Setting investment policies and guidelines, including policies and guidelines regarding asset classes, asset allocation ranges and prohibited investments;
- Monitoring the performance of the Fund's investments and portfolio managers through discussions with the portfolio managers and/or consultants at meetings of the Investment Committee that focus on the primary determinants of returns, including asset allocation and investment strategy;
- Evaluating performance of the Fund's portfolio based on a comparison of actual returns with the Fund's absolute return objective, and with such other benchmarks as the Investment Committee may from time to time select;
- Retaining or replacing portfolio managers and/or liquidating investments that are held in the Fund's portfolio; and
- Selecting, monitoring and replacing third-party advisors to the Fund.

The Investment Committee is currently comprised of five (5) members. The current members of the Investment Committee are as follows:

Reverend John J. Wall President of Catholic Extension

A lifetime Chicagoan, Father Wall, 69, was ordained for the Archdiocese of Chicago after graduating from St. Mary of the Lake Seminary in 1968. He has served as a faculty member of Niles College and Vocations Director for the Archdiocese of Chicago. For 24 years, Father Wall

served as Pastor of Chicago's historic Old St. Patrick's Church and is the co-founder of the popular Theology on Tap program for young adult Catholics.

James M. Denny
Vice Chair of Committees and Secretary

Jim Denny, 79, is the President of a family investment firm. He is a director of Gilead Sciences, Inc. where he served as chairman from 2001-2008 and is currently Lead Director. He is a trustee of a large investment trust and has been engaged in other related investment activities, including serving as a senior advisor to William Blair Capital Partners.

Previously, Jim was with Sears, Roebuck and Co., where he served as Chief Financial Officer and Vice Chairman. Earlier positions include Executive Vice President and Chief Financial Officer with G.D. Searle and Co, Chairman of Searle's publicly held Pearle Vision Center business, and treasurer of Firestone Tire & Rubber Company. Previous board memberships include: Allstate Corporation, Astra AB, ChoicePoint, Inc., GATX, Inc., General Binding Corporation, General Instrument Corporation, The Principal Financial Group, and Sears, Roebuck and Co.

He is a life trustee and past chairman of Northwestern Memorial Healthcare Corporation, Northwestern Memorial Hospital, and Northwestern Memorial Foundation. He is a member of the Board of Catholic Theological Union, the investment sub-committee of the Archdiocese of Chicago, and life trustee of DePaul University. He is a former member of the Board of Directors of Georgetown University and St. Benedict's College. He is also a former member and Vice Chair of the Finance Council of the Archdiocese of Chicago.

John W. Croghan
Chair, Investment Committee

John W. Croghan, 80, is the President and Managing Director of Rail-Splitter Capital Management, an investment management company in Chicago, which manages a private investment partnership. Mr. Croghan was a Founder (1967) and Chairman of Lincoln Capital Management, an institutional investment manager, through 2000. He was also a General Partner of Lincoln Partners, Lincoln Capital's limited partnership. Mr. Croghan graduated from Loyola University, served in the Navy during the Korean War, received an MBA from Harvard University, and is a Chartered Financial Analyst. Mr. Croghan is a Director of Republic Services, and Schwarz Paper Co. Previously he served as a Director of Blockbuster Entertainment, Chicago Mercantile Exchange, Lindsay Manufacturing Corporation, and Morgan Stanley's Closed End Funds. Mr. Croghan is a Trustee and on the Investment Committees of the Archdiocese of Chicago, the Chicago Historical Society, Lyric Opera, Northwestern University and the Big Shoulders Fund. He and his wife, Rosemary, live in Winnetka, Illinois.

William J. Coaker, Jr.

Bill Coaker, 54, is Senior Managing Director of Externally Managed Investments for the University of California, Office of the Treasurer for the Board of Regents. He is responsible for asset allocation and formulating investment strategy for a \$35 billion portfolio consisting of U.S., international, global, emerging market, multi-asset class and hedge funds. Prior to this position, Bill was a Senior Investment Officer for San Francisco City-County Employees Retirement System. Bill also served as Chief Investment Officer-Controller for the Diocese of Monterey. He also has served on the Diocese of Monterey and Bishop Clinch Investment Committee since 1993 and is on the Diocese of Oakland Debt Restructuring Committee. He earned his MBA at Golden State University and his Bachelor's Degree at Loyola Marymount University. Bill also has designations as a Chartered Financial Analyst (CFA), Certified Financial Planner (CFP) and Certified Investment Management Analyst (CIMA).

Matthew Smith

Matt Smith, 39, is the Chief Investment Officer (CIO) of Gore Creek Asset Management LLC, a single family office based in Chicago. As the CIO, Matt is responsible for investment and operational functions across a wide variety of investment strategies and a multi-generational client base. Matt Smith was previously an Investment Officer in University of Pennsylvania's Office of Investments with responsibility for certain investments across the portfolio, including hedge fund strategies and private investment strategies, along with analysis related to asset allocation. Prior to his service for the University of Pennsylvania, Matt worked in the Leveraged Finance Group of Salomon Smith Barney (Citigroup), where he focused on corporate restructurings and corporate debt financing, and the investment banking department of Merrill Lynch. He earned his MBA at Yale University and his Honors Bachelor of Commerce degree at Queen's University (in Canada). Matt also earned his Chartered Financial Analyst (CFA) designation in 2001.

Advisory Council

The Fund will form an Advisory Council, which shall consist of five (5) representatives from the Members, each of whom shall serve for a term of two (2) years, unless sooner terminated by the Chancellor. Advisory Council representatives shall be nominated by the Chancellor, and shall be approved by a majority of the Members in writing at a meeting of the Members. The Advisory Council shall have an advisory function only with respect to the Fund and shall provide advice only on matters for which it is consulted by the Manager. The Advisory Council may set up operating procedures governing the administration of the Advisory Council, so long as such procedures have been approved by the Manager.

The Chancellor

By directive of the Holy See, the Chancellor of Catholic Extension is the then-acting Archbishop of the Archdiocese of Chicago. The current Chancellor of Catholic Extension is The Most Eminent Francis Cardinal George, Archbishop of the Archdiocese of Chicago. The

Chancellor retains certain specific governance rights over Catholic Extension in accordance with Catholic Extension's Bylaws, which rights would apply to actions of Catholic Extension as Manager. These powers include the right to appoint the members of the Investment Committee of the Manager. Specifically with regard to the Fund, the Chancellor retains the right to name and remove members of the Advisory Council.

Cambridge Associates, LLC

Cambridge, the initial Investment Consultant of the Fund, is a privately held independent consulting firm that provides consulting and investment oversight services to more than 900 clients worldwide. It strives to help global institutional investors and private clients meet or exceed their investment objectives by offering proactive, unbiased advice grounded in intensive and independent research. Widely recognized as a leading investment consulting firm to sophisticated investors, Cambridge places a special emphasis on avoiding conflicts of interest and maintaining complete independence from money management firms.

Consulting to foundations, endowments, and other nonprofit institutions is the core of the work at Cambridge. The firm was founded 35 years ago specifically to serve this segment of the institutional investor marketplace. Nonprofit clients continue to represent more than 70% of the client base. As of the date hereof, Cambridge reports that these clients' assets represent more than 70% of total U.S. higher education endowment assets and 40% of U.S. foundation assets.

ADMISSION TO FUND; WITHDRAWALS FROM ACCOUNTS; RETIREMENT FROM FUND

General

Subscriptions for the initial purchase of Interests may be made by execution of the Subscription Agreement and Power of Attorney and Suitability Questionnaire that are included in the separate Subscription Booklet that is being provided to Mission Diocese Investors.

State Street will act as custodian for the Fund, and wire transfer instructions will be provided to Mission Diocese Investors before their Subscription Agreements are accepted.

Admission to Fund; Additional Contributions

The Manager has admitted Catholic Extension as the original Member and such original Member has contributed \$1.00 to the Fund. With the consent of the Manager, the original Member may be redeemed and additional Members may thereafter be admitted to the Fund on the first business day of each calendar quarter, or on any other date selected by the Manager in its discretion. Any such additional Member, or any Member desiring to make an additional capital contribution to the Fund on a particular date shall receive a number of Interests ("*New Interests*") for its contribution ("*New Contribution*") so that the ratio of the New Interests to the aggregate Interests of all Members (including all Interests being issued to other Members as of such date) is equal to the ratio of (x) such New Contribution to (y) the Net Fund Value as of such

date plus all contributions to the Fund on such date, including the New Contribution. For purposes of clarity, any such determination of New Interests shall only be made after the Net Fund Value has been reduced by the amount of any withdrawn amounts as of the end of the prior calendar quarter and the aggregate Interests of all Members have been reduced by the number of Interests represented by such withdrawn amounts. For the purposes of the LLC Agreement, a business day shall be any day that banks are open in Chicago, Illinois, or as otherwise determined by the Manager, in its sole and absolute discretion. Any Member desiring to make a New Capital Contribution on the first day of a calendar quarter shall give not less than fifteen (15) days' notice to the Manager (which notice may be waived by the Manager in its sole discretion).

Withdrawals from Accounts

Voluntary Withdrawals. A Member may withdraw all or any part of its Capital Account pursuant to the provisions of the LLC Agreement; provided, however, that a Member may not withdraw less than \$100,000 (unless waived by the Manager in its sole discretion on a case-by-case basis). Subject to the provisions below for planned withdrawals, a Member desiring to make a withdrawal of all or any portion of its Capital Account shall, not less than seventy-five (75) days before the Withdrawal Date, give written notice to the Manager (which notice may be waived by the Manager in its sole discretion) of such Member's intention to make a withdrawal and the amount of the withdrawal or the manner in which the amount of the withdrawal is to be determined. A "***Withdrawal Date***" shall be the first business day following the end of any calendar quarter. Payments for withdrawals will be made no later than five (5) business days after the Withdrawal Date, provided that payments for withdrawals that are complete retirements of a Member will be made as set forth below. Withdrawals will be based upon the Member's Capital Account balance as of the last business day of the month preceding the Withdrawal Date, after taking into account estimated expenses including but not limited to legal, wire transfer, administrative, and other contingent or unrealized reserves or expenses. The number of Interests of the withdrawing Member will be reduced by the number of Redeemed Interests. The "***Redeemed Interests***" shall be a number of Interests such that the ratio of the Redeemed Interests of all of the Members (including all Interests being redeemed from all Members as of such date) is equal to the ratio of (x) the withdrawal amount of the withdrawing Member to (y) the New Fund Value as of such date. With the exception of the case of a complete retirement by a Member, no withdrawal request may be accepted by the Fund if the effect thereof would be to reduce the remaining Capital Account balance of the Member to less than \$100,000 (or such other amount as determined by the Manager on a case-by-case basis in its sole discretion).

Mandatory Withdrawals. The Manager, in its discretion (specifically including, but not limited to, in the event of the bankruptcy or insolvency of a Member), may require any Member to withdraw all or any part of its Capital Account from the Fund at any time on not less than thirty (30) days' prior written notice, such withdrawal to be effective on the date specified in such notice.

Withholding Obligations. Any taxes, fees or other charges that the Fund or the Manager is required to withhold under applicable law with respect to any Member shall be so

withheld (and paid to the appropriate governmental authorities) and may be deducted from the Capital Account of such Member or shall be payable by the Member on demand of the Fund.

Annual Planned Withdrawals. The Manager may set up a planned withdrawal policy, by which a Member may arrange for scheduled withdrawals from its Capital Account of a defined amount or percentage. A Member who has elected to receive planned withdrawals shall be deemed to have provided the 75 day notice to the Manager that is required under the LLC Agreement.

Delay of Payments on Distribution or Withdrawal. The Manager may defer a Withdrawal Date or the timing of any other distribution or withdrawal if, in its opinion, it would be disadvantageous to the Fund to liquidate securities positions at the time withdrawal is requested or if the withdrawal would affect the tax status of the Fund. The Fund may suspend withdrawals for any reason in the best interests of the Fund, including, but not limited to, for any period during which the New York Stock Exchange or NASDAQ National Market is closed or trading on such exchanges is restricted, or during any period of national emergency or similar event in which it is not reasonably practicable for the Fund to dispose of securities owned by it or fairly to determine the value of its assets.

Payments on Retirement. Payment upon retirement of a Member, whether by (i) withdrawal of such Member's entire Capital Account, or (ii) action of the Manager requiring a complete withdrawal by a Member, shall be made in accordance with the following. Within thirty (30) days after the date of retirement of a Member in accordance with the terms of the LLC Agreement, there shall be paid or distributed to such Member an amount equal to the balance of its Capital Account to be paid in cash or Securities less a reasonable reserve, as determined in the sole discretion of the Manager, for such Member's share of any known expenses or definite or contingent liabilities of the Fund for periods in which such Member was a Member that were not previously taken into account in the former Member's Capital Account. Any such reserve will be distributed to the former Member upon determination by the Manager that it is no longer necessary. The reserve will only be held beyond the completion of the next occurring audit of the Fund if the Manager identifies to the former Member specific determined or contingent liabilities against which the reserve is being held and continues to provide notice of the same to the former Member on a quarterly basis thereafter.

If any amount otherwise distributable to a former Member is held in reserve as provided above, a separate reserve account shall be maintained on the books of the Fund for such former Member. Any balance from time to time remaining in a former Member's reserve account shall bear interest at the rate of interest, if any, then paid on cash balances by the custodian of the Fund's assets, such interest to be payable following the conclusion of such fiscal year, until such balance is applied or distributed to the former Member, which distribution shall occur promptly after the determination, in the sole discretion of the Manager, that there is no reasonable likelihood that such balance will be needed.

Notwithstanding the foregoing, if a Member can no longer make the Charitable Representations due to a change in its Federal income tax status, then the Member shall immediately cease to be a Member of the Fund and shall sell its Interest to the Manager in the

capacity as a Member for a price equal to its Capital Account within ninety (90) days of the date of the change of its Federal income tax status.

A withdrawal request must be in a form acceptable to the Manager and must be executed by a Member in the name in which it was admitted to the Fund. The withdrawal request must also state the dollar amount that the Member seeks to withdraw and the proposed Withdrawal Date.

DETERMINATION OF NET FUND VALUE

The “*Net Fund Value*” on any date shall mean the dollar amount derived by subtracting (i) the liabilities of the Fund (including any accrued expenses, even if estimated) as of such date from (ii) the Asset Value as of such date, determined in the manner described below.

The “*Asset Value*” on any date, shall mean the market value of all assets held by the Fund determined by reference to the reports received by the Fund from Fund managers. The interests held by the Fund in hedge funds or other private investment vehicles (each a “*Private Fund*”) shall be valued in accordance with the Fund’s capital account balance in such Private Fund on the valuation date. To the extent that the market value of positions in Securities are unable to be determined through such third party reports, such market value shall be determined as follows: Securities traded on national securities exchanges are valued as of the last sale price reported by the exchange on which the Securities are primarily traded as of the close of the trading day on the day the securities are being valued; in the event there are no reported sales on that day, such Securities are valued at the mean between the last reported bid and asked prices. Price information on listed securities is generally taken from a composite trading tape offered by one or more pricing services. Options are generally valued at the last reported sales price as of the close of trading on the day such instruments are being valued. If there are no reported sales on a given day, options will be reported at the mean between the bid and asked prices. Debt Securities having maturities of sixty (60) days or less may be valued at acquisition cost, plus or minus any amortized discount or premium. Any other Securities or assets for which market quotations are not readily available are valued at fair value as determined in good faith by the Manager. The Manager’s determinations of all market values will be binding upon all Members. Asset Value and Net Fund Value, shall be determined as of the close of business on the last business day of each month; provided, however, that the Manager may suspend the determination of such amounts during any period when the New York Stock Exchange or NASDAQ National Market is closed, during periods when trading on such exchanges is restricted as determined by the Securities and Exchange Commission (“*Commission*”), during any emergency as determined by said Commission which makes it impracticable for the Fund to dispose of its Securities or value its assets, or during any other period determined by the Manager to be necessary or advisable for the protection of the Fund.

DIVIDENDS, DISTRIBUTIONS AND TAXES

The Fund will file its federal annual information return, and if required, its federal income tax return, based on a calendar fiscal year. The Fund intends to be classified as a corporation for federal income tax purposes; therefore, receipts from the Fund should not be distributions for which a Schedule K-1 will be issued.

Prior to liquidation, the Fund does not intend to distribute cash other than pursuant to a permitted or mandatory Capital Account withdrawal by a Member or retirement of a Member (as discussed above).

FEDERAL INCOME TAX CONSIDERATIONS

The following discussion is a summary of certain federal income tax consequences of the purchase, ownership and redemption of the Interests. Each Member of the Fund must be exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code of 1986 (the “*Code*”); therefore, this tax discussion deals only with Interests that are held as capital assets by a Member that is either a trust or a corporation for federal tax purposes and that is exempt from federal income tax under Code Section 501(c)(3). The discussion below is directed generally to Members who are residents of the United States and who are original purchasers of the Interests. This summary does not describe all of the tax consequences that may be relevant to a Member in light of its particular circumstances, specifically including any Member that may be forced to sell its Interest in the Fund due to its loss of tax-exempt status under Code Section 501(c)(3), and therefore may not be tax-exempt at the time of the sale of its Interest. In addition, Members may incur state and local tax consequences that are not discussed herein. The summary is based upon current law and administrative interpretations thereof, including the Code. The Code and other tax laws are subject to change by future legislation or regulations or new interpretations by the Internal Revenue Service or the courts. Such changes could be applied retroactively to transactions completed prior to such changes and could affect the accuracy of this summary.

CIRCULAR 230 NOTICE

THE DISCUSSION BELOW OF FEDERAL INCOME TAX CONSIDERATIONS AND ANY OTHER TAX DISCUSSION IN THIS MEMORANDUM IS NOT INTENDED OR WRITTEN TO BE USED, AND IT CANNOT BE USED BY ANY MEMBER FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON THE MEMBER AND WAS WRITTEN TO SUPPORT THE PROMOTION OR MARKETING OF THE INTERESTS. EACH MISSION DIOCESE INVESTOR SHOULD CONSULT WITH, AND MUST RELY UPON, ITS OWN TAX ADVISOR AS TO THE CONSEQUENCES OF A PURCHASE OF INTERESTS TO IT UNDER APPLICABLE FEDERAL, STATE, LOCAL AND FOREIGN TAX LAWS WITH SPECIFIC REFERENCE TO ITS PARTICULAR TAX SITUATION.

Taxation of the Fund

The Fund is exempt from federal income tax under Code Section 501(a) because it is described in Code Section 501(c)(3). In order to qualify for Code Section 501(c)(3) status, the Fund is electing to be classified as a corporation for federal tax purposes. Under present federal income tax law, the Fund will be exempt from federal income tax except to the extent it has “unrelated business taxable income” (“*UBTI*”). Each item of Fund income, gain, loss, deduction or credit will be reported on the Fund’s annual information return (Form 990). The Manager will cause to be filed with the IRS any required annual information or income tax returns for the Fund.

Supporting Organization Status

The Fund has received a determination from the IRS that it is not a private foundation by reason of its status as a “public charity” under Section 170(b)(1)(A)(vi) of the Code. The Fund had applied for recognition by the IRS as a “supporting organization” as described in Code Section 509(a)(3). The Fund is requesting that the IRS correct the recognition of its status to “supporting organization” as requested and expects to receive such correction. As a supporting organization, the Fund may only engage in activities that support its “supported organizations.” The supported organizations of the Fund are its Members and the Manager. A supporting organization may only support certain public charities described in Code Sections 509(a)(1) and 509(a)(2). Therefore, a Member must represent that it is so described as part of the Charitable Representations.

Unrelated Business Taxable Income

Generally, UBTI is income (with specific exemptions) derived from any activity regularly carried on by a tax-exempt entity (or by a partnership of which it is a member) that is not substantially related to the entity’s exempt purpose.

Notwithstanding the foregoing, income that is (i) interest income, (ii) dividend income, or (iii) gain from the sale or exchange of property is generally excluded from UBTI, except to the extent that such income is derived from debt-financed property. In general, debt-financed property is any property which is held to produce income and with respect to which there is an “acquisition indebtedness” at any time during the tax year or during the preceding twelve months if the property was disposed of during the tax year.

To the extent that the Fund earns UBTI, the Fund will report such UBTI on its annual income tax return (Form 990-T) and any resulting tax liability will be paid by the Fund. Because the Fund will be treated as a corporation for federal income tax purposes, the liability for any tax on UBTI will not be passed on to the Members but will reduce the return to the Members.

Taxation of Tax-Exempt Members

The tax consequences of an investment in the Fund by Members may result in Members recognizing UBTI under certain circumstances, which subject the Members to federal income taxation. Distributions from the Fund to the Members should be characterized for income tax purposes as either dividends, capital gain, or return of capital. Under the normal UBTI rules, none of these items should be taxable in the hands of a tax-exempt Member unless the debt financed income rules apply to that Member. However, to the extent the activity of the Fund is unrelated to a Member’s exempt purpose, or is subject to the debt financed income rules, income derived from the Fund may constitute UBTI to the Member. If the UBTI rules apply to a Member, then the distribution will be taxed in the hands of the Members as if it was a distribution from a taxable C Corporation.

Reporting and Withholding Considerations

Information Reporting and Backup Withholding. In order to avoid information reporting and backup withholding tax, an exempt Member must provide the Fund a properly

completed IRS Form W-9. Members will not receive a Schedule K-1 for their interest, but may receive one or more Forms 1099.

Foreign Member Tax Considerations. Amounts paid to foreign Members and treated as dividends may be subject to a withholding tax, currently at a rate of 30%, unless such tax rate is reduced under an applicable United States income tax treaty or another applicable exception applies. To obtain a reduced rate of withholding, a foreign Member will be required to provide necessary documentation to the Company.

LEGAL MATTERS

Investment Company and Investment Advisers Regulation

The Fund does not intend to register as an investment company under the Company Act, by reason of its exclusion from the definition of an investment company under Section 3(c)(10) of the Company Act. The Manager will not be registered as an investment adviser under the Investment Advisers Act of 1940, as amended (the “*Advisers Act*”) by reason its exclusion pursuant to Section 203(b)(4) of the Advisers Act.

Status of Limited Liability Company Interests

The offer and sale of the Interests described herein are not registered under the Securities Act, or state securities laws in reliance upon an exemption from the registration requirements for offers and sales of any security issued by a person organized and operated exclusively for religious, educational, benevolent, fraternal, charitable, or reformatory purposes and not for pecuniary profit, and no part of the net earnings of which inures to the benefit of any person, private stockholder, or individual, or any security of a fund that is excluded from the definition of an investment company under Section 3(c)(10)(B) of the Company Act. Each Mission Diocese Investor will be required to make certain representations to the Fund, including that it is acquiring such Interests for investment, and not with a view to resale or distribution. Further, each investor must be prepared to bear the economic risk of the investment for an indefinite period, since the Interests cannot be resold unless the resales are subsequently registered under the Securities Act or an exemption from such registration is available. It is extremely unlikely that the offer and sale of the Interests will ever be registered under the Securities Act.

Restrictions on Transfer

The Interests will not be assignable or transferable without the prior written consent of the Manager, in its sole and absolute discretion.

Additional Information

Prior to the consummation of the offering, the Fund will provide to each Mission Diocese Investor and such Mission Diocese Investor’s representatives and advisors, if any, the opportunity to ask questions and receive answers concerning the terms and conditions of this offering and to obtain any additional information which the Manager may possess or can obtain without unreasonable effort or expense that is necessary to verify the accuracy of the information furnished to such prospective Mission Diocese Investor. No other persons have been authorized

to give information or to make any representations concerning this offering, and if given or made, such other information or representations must not be relied upon as having been authorized by the Fund.

This Memorandum is intended to present a general outline of the policies and structure of the Fund and the Manager. The LLC Agreement, which specifies the rights and obligations of the Members, should be reviewed thoroughly by each Mission Diocese Investor. The Summary of the LLC Agreement contained herein is necessarily incomplete and is qualified in its entirety by reference to such agreement. The LLC Agreement is attached to this Memorandum as Exhibit A.

SUMMARY OF THE LLC AGREEMENT

The LLC Agreement is included as Exhibit A to this Memorandum, and will be executed by each of the Members in connection with their Subscription Agreement. Mission Diocese Investors are encouraged to read the LLC Agreement in full. The following is intended as a brief summary of certain provisions of the LLC Agreement that are not already described in this Memorandum, and is qualified in its entirety by reference to the LLC Agreement itself.

Purpose of the Fund

The purposes of the Fund are to act for the benefit of and to carry out the charitable and religious purposes of the Manager and each of its Members. The Fund will further the charitable and religious purposes of its Members by acquiring, holding, purchasing and selling securities (including stock, warrants, options, bonds, notes, debentures, secured and unsecured debt and equity instruments), contract rights (including futures contracts and swap contracts), royalty interests, partnership and similar interests, commodities, foreign currency, real estate and other investment media (collectively, “*Securities*”) that will generate income while preserving capital. The Fund may also engage in short sales and margin transactions and may use borrowed funds to finance such transactions.

Maintenance of Capital Accounts

Although the Fund will be taxed as a corporation rather than a partnership for Federal income tax purposes, a capital account (“*Capital Account*”) balance will be maintained by the Fund for each Member for bookkeeping purposes. The Capital Account for each Member will be credited with the amount of money contributed by or on behalf of the Member to the Fund and with the Member’s share of the net profits of the Fund. A Member’s Capital Account balance will also be reduced by a Member’s share of the net losses of the Fund, any distributions to the Member, any withdrawals and any withholding taxes due and owing by the Member (if any). The methods for determining the net profits and net losses of the Fund are set forth in the LLC Agreement.

Allocation of Net Profits and Net Losses

At the end of each month, the Capital Account of each Member (including the Manager) for such month shall be adjusted by tentatively crediting (in the case of net profits) or debiting (in the case of net losses) the net profits or net losses, as the case may be, to the Capital Accounts of all Members (including the Manager) in proportion to their respective Fund Percentages. The “*Fund Percentage*” with respect to each Member for any month is the percentage determined by dividing the amount of a Member’s Capital Account balance by the sum of all of the Members’ Capital Account balances as of the beginning of such month (note that the sum of all of the Members’ Fund Percentages on any date shall equal 100%).

Withdrawals and Distributions

No Member will be entitled to receive distributions or withdraw from the Fund except as otherwise described in this Memorandum and the LLC Agreement. (See “*ADMISSION TO FUND; WITHDRAWALS FROM ACCOUNTS; RETIREMENT FROM FUND*”).

Investment Opportunities; Conflicts of Interest

The Manager is not obligated to present any particular investment opportunities to the Fund. The Manager is only required to devote such time as it deems necessary to manage the affairs of the Fund. The Manager and any of its governors, officers, consultants, employees or agents may pursue or acquire any interest in other ventures (including those that may be competitive to the Fund) and may purchase, sell, manage or hold securities for the account of any other person, enterprise or for their own account, regardless of whether or not any such securities are purchased, sold or held for the account of the Fund.

Withdrawal and Removal of the Manager

The Manager is entitled to withdraw from the Fund at any time upon ninety (90) days advance written notice to the Members. There is no right to remove the Manager.

Transferability of Interests

The LLC Agreement discourages the transfer of Interests. No Member may sell, assign, mortgage, pledge, hypothecate or otherwise dispose of or transfer its Interest in the Fund without the prior written consent of the Manager, which consent may be granted or withheld. However, a Member will not be allowed to transfer its Interest to any individual or organization that cannot make the Charitable Representations.

A transferee of a Member’s Interest will become a substituted Member only with the consent of the Manager and only if the transferee (i) elects to become a substitute Member, (ii) executes and delivers to the Fund such documents or other instruments as the Manager may deem necessary or advisable, including the written acceptance and adoption by the transferee of the provisions of the LLC Agreement, and (iii) makes the Charitable Representations.

Dissolution and Liquidation

The Fund shall continue until it is dissolved in accordance with the terms of the LLC Agreement. The affairs of the Fund will be wound up and the Fund dissolved (i) ninety (90) days after the withdrawal, bankruptcy, resignation or final liquidation of the Manager (unless the Members holding a majority of the Fund Percentages elect to continue to the Fund and appoint a new Manager within such ninety (90) day period), or (ii) at any time by the Manager upon the consent of the Members holding sixty-six and two thirds percent (66 ²/₃%) of the Fund Percentages.

Upon the dissolution of the Fund, the Fund's assets will be liquidated by the Manager; provided, that if there is no Manager at such time, a liquidator must be designated by the Members holding a majority of the Fund Percentages. The proceeds of liquidation, if any, will be applied as follows:

- First, to the payment of obligations due and owing to creditors of the Fund, other than Members, in the order of priority established by law;
- Second, to the payment of any loans made to, or other debts of, the Fund owed to the Members (provided that the Members can make the Charitable Representations);
- Third, to the Members that can then make the Charitable Representations in respect of the positive balances in their Capital Accounts; and
- Fourth, after the payment or provision for the payment of all of the liabilities of the Fund, to the Manager; provided, that if the Manager does not then exist or is not then described in Code Section 501(c)(3), then to one or more organizations that are then described in Code Sections 170(c)(2), 501(c)(3), 2055(a)(2) and 2522(a)(2) which have purposes substantially similar to those of the Fund (except that no private foundation as defined in Code Section 509(a) shall be a recipient) or one or more units of government for public purposes.

Financial Reports

The Manager will provide reports to the Members on a quarterly basis outlining the most up to date valuation information, performance of the Fund and Fund activity (including contributions, withdrawals and allocated expenses), and will endeavor to provide a report on all portfolio holdings of the Fund.

Confidential Information

The LLC Agreement and all reports and other material, information or documents concerning the affairs of the Fund and its investments constitute proprietary and confidential information about the Fund and the Manager. No Member may reproduce any such confidential information or any portion thereof or make the contents thereof available to any third party, other than a disclosure on a need-to-know basis to such Member's legal, accounting or investment advisers, auditors and representatives (collectively, "*Advisers*"), provided that any such Advisers

must be bound by similar disclosure and use restrictions that are at least as restrictive as those set forth in the LLC Agreement.

Liability of Members

No Member shall be personally liable for the expenses, liabilities or obligations of the Fund. However, the Members will be liable to the Fund for any loss incurred due to the failure of the Member to notify the Fund of its inability to continue to make the Charitable Representations.

Exculpation of the Manager

Neither the Manager, nor its officers, governors, employees, agents or representatives, including members of the Manager's Investment Committee, will be liable to any Member for honest mistakes of judgment or for action or inaction taken in good faith for a purpose that was reasonably believed to be in the best interests of the Fund or for losses due to such mistakes, action or inactions, or the negligence, dishonesty or bad faith of any employee, broker or other agent of the Fund; provided that such employee, broker, or agent was selected with reasonable care. The Manager and such persons may consult with counsel and accountants regarding the affairs of the Fund and will be fully protected in any action or inaction taken in accordance with the advice or opinion of such counsel or accountants; provided that they have been selected with reasonable care. However, the Manager and such persons are not relieved of any liability resulting from fraud, willful misconduct, recklessness or gross negligence, or any other liabilities that may not be waived, modified or limited under applicable law.

Indemnification of the Manager

The Fund will indemnify, out of the assets of the Fund only, the Manager, its governors, officers, employees, agents and representatives of the Manager, including members of the Investment Committee (collectively, the "*Indemnified Parties*"), from (a) all reasonable fees, costs, and expenses, including legal fees, paid in connection with or resulting from any claims, actions, or demands ("*Claims*") against any Indemnified Party or the Fund that arise out of or relate to the Fund or its affairs, and (b) all Claims and any losses or damages resulting from such Claims, including amounts paid in settlement or compromise. The indemnity does not apply to conduct of an Indemnified Party that was not undertaken in good faith to promote the best interests of the Fund or conduct that constitutes fraud, willful misconduct, recklessness or gross negligence.

Amendment of the Operating Agreement

Except as otherwise provided in the LLC Agreement, the LLC Agreement may only be amended with the written consent of the Manager and the Members holding a majority of the Fund Percentages. Notwithstanding the foregoing, no amendment may (i) modify any provision requiring the consent of the Members holding more than a majority of the Fund Percentages without the consent of such higher Fund Percentages, (ii) modify the method of making allocations, (iii) modify the method for determining Fund Percentages, (iii) reduce a Member's Capital Account, (iv) modify the amendment provisions in LLC Agreement unless each Member

affected by the amendment has consented to the amendment, or (v) disqualify the Fund from being described in Code Section 501(c)(3) or Code Section 509(a)(3).

Notwithstanding the foregoing, the Manager may amend the LLC Agreement without the consent of the Members to (i) remove or correct any inconsistency, ambiguity or error contained in the LLC Agreement; (ii) to the extent necessary to maintain the Fund's qualifications under Code Section 501(c)(3) and Code Section 509(a)(3); and (iii) make a change that does not adversely affect the Members in any material respect.

OTHER INFORMATION

Fund Custodian

State Street will serve as disbursing agent and custodian of the Fund. State Street reports that it has \$21.5 trillion in assets in custody and administration worldwide as of December 31, 2010.

Auditors

The Fund intends to engage Deloitte & Touche, LLP to perform an independent audit of the Fund and its operations on an annual basis.

Upon request, the Manager will provide any Mission Diocese Investor with a copy of its Custodian Agreement with State Street, its Agreement with Cambridge and any other information reasonably available to it that any Mission Diocese Investor may request.

EXHIBIT A

**MISSION DIOCESE FUND, LLC
SECOND AMENDED AND RESTATED
LIMITED LIABILITY COMPANY AGREEMENT**

November 22, 2011

THE INTERESTS ISSUED BY THE FUND HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, (THE "ACT"), BUT ARE OFFERED IN RELIANCE UPON THE EXEMPTION IN SECTION 3(a)(4) OF THE ACT FOR ANY SECURITY ISSUED BY A PERSON ORGANIZED AND OPERATED EXCLUSIVELY FOR RELIGIOUS, EDUCATIONAL, BENEVOLENT, FRATERNAL, CHARITABLE, OR REFORMATORY PURPOSES AND NOT FOR PECUNIARY PROFIT, AND NO PART OF THE NET EARNINGS OF WHICH INURES TO THE BENEFIT OF ANY PERSON, PRIVATE STOCKHOLDER OR INDIVIDUAL, OR ANY SECURITY OF A FUND THAT IS EXCLUDED FROM THE DEFINITION OF AN INVESTMENT COMPANY UNDER SECTION 3(c)(10)(B) OF THE INVESTMENT COMPANY ACT OF 1940. THE OFFERING OF INTERESTS IS LIKEWISE NOT REGISTERED UNDER ANY STATE SECURITIES LAWS EITHER BECAUSE SUCH SECURITIES LAWS ARE PREEMPTED BY FEDERAL LAW OR BECAUSE THE INTERESTS ARE OFFERED PURSUANT TO ONE OR MORE EXEMPTIONS FROM SUCH STATE SECURITIES LAWS. NO TRANSFER OF AN INTEREST MAY BE MADE EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE ACT AND APPLICABLE STATE LAWS, UNLESS THE FUND HAS RECEIVED AN OPINION OF COUNSEL SATISFACTORY TO IT THAT SUCH TRANSFER IS EXEMPT FROM SUCH REGISTRATION.

MISSION DIOCESE FUND, LLC

SECOND AMENDED AND RESTATED LIMITED LIABILITY COMPANY AGREEMENT

THIS SECOND AMENDED AND RESTATED LIMITED LIABILITY COMPANY AGREEMENT (the “*Agreement*”) is made and entered into as of the 22nd day of November, 2011, by and among CATHOLIC CHURCH EXTENSION SOCIETY OF THE UNITED STATES OF AMERICA, an Illinois not-for-profit corporation (the “*Manager*”), the original member referred to on the signature page (the “*Original Member*”), and each of the other persons who hereafter become members (the “*Members*”), and who hereby form the MISSION DIOCESE FUND, LLC, a Delaware limited liability Fund (the “*Fund*”), pursuant to the terms of the Delaware Limited Liability Company Act (the “*Act*”) as follows:

WHEREAS, the Manager has formed the Fund by executing and filing a Certificate of Formation with the Delaware Secretary of State and by entering into, with the Original Member, an Operating Agreement dated as of April 7, 2011;

WHEREAS, the Manager and the Original Member previously amended and restated the Operating Agreement as of September 30, 2011 (“*First Amended and Restated Agreement*”);

WHEREAS, the Original Member has contributed \$1.00 to the Fund as of the date hereof;

WHEREAS, the Original Member will withdraw upon the admission of additional Members and receive a return of its \$1.00 contribution in complete redemption of its interest in the Fund.

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Manager and the Original Member hereby amend and restate the First Amended and Restated Agreement in the manner set forth below:

ARTICLE 1 NAME, PURPOSE AND OFFICES OF FUND

1.1 Name. The name of the Fund is Mission Diocese Fund, LLC. The affairs of the Fund shall be conducted under the Fund name or such other name as the Manager, in its sole discretion, may determine.

1.2 Purpose. The purposes of the Fund are to act for the benefit of, to perform the functions of, and/or to carry out the charitable and religious purposes of the Manager and each organization that from time to time becomes a Member of the Fund pursuant to Section 3.3 (collectively, the Manager and the Members shall be referred to as the “*Supported Organizations*”). The Fund shall further the charitable and religious purposes of the Supported Organizations by (a) directly or indirectly, through one or more pooled investment vehicles,

subscribing for, acquiring, holding, purchasing and selling securities (whether or not registered pursuant to federal or state or foreign securities laws and including, without limitation, stock, warrants, options, bonds, notes, debentures and other secured and unsecured debt and equity instruments), contract rights of any kind, including futures contracts and swap contracts, royalty interests, partnership and similar interests, commodities, foreign currency, real estate and other investment media (including derivatives and leveraged instruments), whether now existing or subsequently designed or developed (all of which shall be referred to collectively here as “*Securities*”); (b) performing all acts deemed necessary or desirable by the Manager in its reasonable discretion in furtherance of such purposes, including engaging in short sales and margin transactions and purchasing the foregoing with borrowed funds; and (c) carrying on any other activity that may be lawfully carried on by a limited liability company organized under the Act and permitted to be carried on by an organization that is described in Section 501(c)(3) of the Internal Revenue Code of 1986 as from time to time amended (the “*Code*”) and that is a supporting organization under Code Section 509(a)(3).

1.3 Limitations.

(a) No dividends, liquidating dividends, or distributions shall be declared or paid by the Fund to (1) any private individual, (2) any officer or director of the Fund, or (3) to any Manager or Member of the Fund that cannot make the Charitable Representations contained in Section 9.2 of this Agreement.

(b) No substantial part of the activities of the Fund shall consist of carrying on propaganda or otherwise attempting to influence legislation, unless by appropriate election a greater part is permitted without jeopardizing the Fund’s exemption under Code Section 501(c)(3). The Fund shall neither participate in, nor intervene in, any political campaign on behalf of (or in opposition to) any candidate for public office, including by publishing or distributing any statements.

(c) No part of the net earnings or net income of the Fund shall inure to the benefit of (1) any private individual, (2) any officer or director of the Fund, or (3) to any Manager or Member of the Fund that cannot make the Charitable Representations contained in Section 9.2 of this Agreement; provided, however, that any such a person may receive reasonable compensation for personal services rendered, or reimbursement for reasonable expenses incurred that are necessary to carrying out the tax-exempt purposes of the Fund.

(d) Notwithstanding any other provision of this Agreement, the Fund shall not carry on any other activities not permitted to be carried on by an organization described in Code Section 501(c)(3), by a supporting organization under Code Section 509(a)(3), by an organization contributions to which are deductible under Code Section 170(c)(2), or by a limited liability company under the Act.

(e) If at any time the Fund is classified as a private foundation as defined in Code Section 509(a), the income of the Fund shall be distributed at such time and in such manner as not to subject it to tax under Code Section 4942. During any such period, the Fund shall not engage in any act of self-dealing, or retain any excess business holdings, or make any taxable expenditures as defined in Code Sections 4941(d), 4943(c), and 4945(d), respectively. During

any such period, the Fund shall not make any investments in such manner as to subject it to tax under Code Section 4944 or make any indemnification that would give rise to a penalty excise tax under Code Chapter 42.

1.4 Principal Office. The principal office of the Fund shall be 150 South Wacker Drive, Suite 2000, Chicago, Illinois 60606, or such other place or places within the United States as the Manager may from time to time designate.

1.5 Registered Agent and Office. The name of the registered agent for service of process of the Fund and the address of the Fund's registered office in the State of Delaware shall be Corporation Service Company, 2711 Centerville Road, Suite 400, Wilmington, Delaware, 19808, New Castle County or such other agent or office in the State of Delaware as the Manager may from time to time designate.

ARTICLE 2 TERM OF FUND

2.1 Term. The term of the Fund shall continue until the Fund is dissolved in the manner described in Article 10.

2.2 Events Affecting a Member of the Fund. The bankruptcy, liquidation, dissolution, reorganization, merger, sale of all or substantially all the assets of, or other change in the nature of a Member shall not dissolve the Fund.

2.3 Events Affecting the Manager. Except as specifically provided in Section 10.1, the bankruptcy, liquidation, dissolution, reorganization, merger, sale of all or substantially all the assets of, or other change in the nature of the Manager shall not dissolve the Fund, and upon the happening of any such event, the affairs of the Fund shall be continued by the Manager or any successor entity thereto; provided, however, that if the Manager is no longer an organization described in Code Section 501(c)(3) and either Code Section 509(a)(1) or Code Section 509(a)(2), it shall immediately cease to serve as Manager hereunder.

ARTICLE 3 ADMISSION OF MEMBERS; QUALIFICATIONS; ISSUANCE OF INTERESTS

3.1 Name and Address. The name and address of each Member and the amount of its capital contributions, as adjusted from time to time, shall be set forth in a Schedule maintained by the Manager, a copy of which shall be kept on file at all times at the principal place of business of the Fund.

3.2 Admission of Members. The Manager will admit initial Members on a date hereafter that it designates to such Members and such initial Members shall receive an interest in the Fund (an "*Interest*") for each \$1.00 capital contribution that it makes to the Fund. With the consent of the Manager, additional Members may thereafter be admitted to the Fund on the first business day of each calendar quarter, or on any other date selected by the Manager in its discretion. Any such additional Member, or any Member desiring to make an additional capital contribution to the Fund on a particular date, shall receive a number of Interests ("*New*

Interests”) for its contribution (“*New Contribution*”) such that the ratio of the New Interests to the aggregate Interests of all of the Members (including all Interests being issued to other Members as of such date) is equal to the ratio of (x) such New Contribution to (y) the Net Fund Value as of such date plus all contributions to the Fund on such date, including the New Contribution. For purposes of clarity, any such determination of New Interests shall only be made after the Net Fund Value has been reduced by the amount of any withdrawn amounts as of the end of the prior calendar quarter and the aggregate Interests of all Members have been reduced by the number of Interests represented by such withdrawn amounts. In connection with the admission of a Member, such Member shall, in advance of such admission and as a condition thereto, sign a subscription agreement pursuant to which it agrees to be bound by the terms of this Agreement. For the purposes of this Agreement, a business day shall be any day that banks are open in Chicago, Illinois or as otherwise determined by the Manager, in its sole and absolute discretion. Any Member desiring to make a New Capital Contribution on the first day of a calendar quarter shall give not less than fifteen (15) days notice to the Manager (which notice may be waived by the Manager in its sole discretion).

3.3 Qualifications of Members. A Member must, at the time of admission to the Company, be (a) exempt from Federal income taxation under Code Section 501(a) because it is described in Code Section 501(c)(3), (b) described in either Code Section 509(a)(1) or Code Section 509(a)(2), and (c) either (i) a “Mission Diocese” of the Roman Catholic Church, as such characterization is determined from time to time by the Board of Governors of the Manager, or (ii) any organization exempt from taxation under Code Section 501(c)(3) whose primary purpose is to provide support to a Mission Diocese (a “*Supporting Institution*”). If a Member ceases at any time to be a Mission Diocese or a Supporting Institution but remains affiliated with the U.S. Conference of Catholic Bishops, such Member may continue as a Member of the Fund if such organization continues to be described in Code Section 501(c)(3) and either Code Section 509(a)(1) or Code Section 509(a)(2). A Member must at all times be able to make the Charitable Representations set forth in Section 9.2 of this Agreement.

ARTICLE 4 CAPITAL ACCOUNTS

4.1 Capital Accounts. A capital account (“*Capital Account*”) balance shall be maintained for each Member. Each such Capital Account balance shall initially be zero and shall be credited with (a) the amount of money contributed by or on behalf of the Member to the Fund and with such Member’s share of Net Profits (defined below) and (b) shall be charged with such Member’s share of Net Losses (defined below), distributions, withdrawals, withholding taxes (if any) and any other expenses that the Manager, in its reasonable discretion, considers appropriate to charge (based on a reasonable accrual) to such Member's Capital Account in order for such Member to bear an appropriate share of Fund expenses for any monthly period of the Fund (and which expenses are not included in the allocation of Net Profits and Net Losses to such Member). No interest shall be paid on any capital contribution to the Fund.

ARTICLE 5
ALLOCATIONS OF PROFITS AND LOSSES

5.1 Defined Terms.

(a) “**Fund Percentage**” with respect to each Member for any month is the percentage determined by dividing the amount of such Member’s Capital Account balance by the sum of all of the Members’ Capital Account balances as of the beginning of such month. The sum of all of the Members’ Fund Percentages on any date shall equal 100%.

(b) “**Net Profit**” for any month shall mean the excess, if any, of the Net Fund Value (defined below) at the close of business on the last day of the month, prior to any distribution being made with respect to such month, over the Net Fund Value as of the opening of business on the first day of such month, after adding any additional contributions made on such date.

(c) “**Net Loss**” for any month shall mean the excess, if any, of the Net Fund Value as of the opening of business on the first day of the month, after adding any additional contributions made on such date, over the Net Fund Value at the close of business on the last day of such month, prior to any distribution being made with respect to such month.

(d) “**Net Fund Value**” on any date shall mean the dollar amount derived by subtracting (i) the liabilities of the Fund (including any accrued expenses, even if estimated) as of such date from (ii) the Asset Value as of such date, determined in the manner described in (e) below.

(e) “**Asset Value**” on any date, shall mean the market value of all assets held by the Fund determined by reference to the reports received by the Fund from Fund managers. The interests held by the Fund in hedge funds or other private investment vehicles (each a “**Private Fund**”) shall be valued in accordance with the Fund’s capital account balance in such Private Fund on the valuation date. To the extent that the market value of positions in Securities are unable to be determined through such third party reports, such market value shall be determined as follows: Securities traded on national securities exchanges are valued as of the last sale price reported by the exchange on which the Securities are primarily traded as of the close of the trading day on the day the securities are being valued; in the event there are no reported sales on that day, such Securities are valued at the mean between the last reported bid and asked prices. Price information on listed securities is generally taken from a composite trading tape offered by one or more pricing services. Options are generally valued at the last reported sales price as of the close of trading on the day such instruments are being valued. If there are no reported sales on a given day, options will be reported at the mean between the bid and asked prices. Debt Securities having maturities of sixty (60) days or less may be valued at acquisition cost, plus or minus any amortized discount or premium. Any other Securities or assets for which market quotations are not readily available are valued at fair value as determined in good faith by the Manager. The Manager’s determinations of all market values will be binding upon all Members. Asset Value and Net Fund Value, shall be determined as of the close of business on the last business day of each month; provided, however, that the Manager may suspend the determination of such amounts during any period when the New York

Stock Exchange or NASDAQ National Market is closed, during periods when trading on such exchanges is restricted as determined by the Securities and Exchange Commission (“*Commission*”), during any emergency as determined by said Commission which makes it impracticable for the Fund to dispose of its Securities or value its assets, or during any other period determined by the Manager to be necessary or advisable for the protection of the Fund.

5.2 Allocation of Net Profits and Net Losses. At the end of each month, the Capital Account of each Member (including the Manager) for such month shall be adjusted by tentatively crediting (in the case of Net Profits) or debiting (in the case of Net Losses) the Net Profits or Net Losses, as the case may be, to the Capital Accounts of all Members (including the Manager) in proportion to their respective Fund Percentages.

ARTICLE 6 MANAGEMENT FEE; FUND EXPENSES

6.1 No Management Fee. In furtherance of its charitable and religious mission and its interest in supporting the charitable and religious efforts of the Members, the Manager will not be entitled to any management fee or other compensation for its services hereunder.

6.2 Expenses.

(a) The Fund shall bear all costs and expenses incurred in its operations, including, but not limited to, expenses associated with the holding, purchase, sale or exchange of Securities, interest on borrowed money, brokerage fees, legal fees, audit and accounting fees, advisory fees relating to investments or proposed investments, taxes applicable to the Fund on account of its operations, and fees incurred in connection with the maintenance of bank or custodian accounts. The Fund will also reimburse the Manager for no more than 75% of its out-of-pocket expenses incurred in performing its duties under this Agreement, including, but not limited to, the compensation of staff directly attributable to their work on matters related to the Fund. The Members and the Manager acknowledge that the Manager will only receive a partial reimbursement of its out-of-pocket expenses as a further effort by the Manager to support the Members in the fulfillment of their charitable and religious missions.

(b) The Fund shall bear all liquidation costs, fees, and expenses incurred by the Manager (or its designee) in connection with the liquidation of the Fund at the end of the Fund’s term, specifically including but not limited to legal and accounting fees and expenses.

ARTICLE 7 WITHDRAWALS BY AND DISTRIBUTIONS TO THE MEMBERS

7.1 Interest. No interest shall be paid to any Member on account of its interest in the capital of or on account of its investment in the Fund.

7.2 Distributions - General. No Member shall be entitled to receive distributions from the Fund except as provided in this Article 7 and Section 10.3 and subject to the provisions

of Section 1.3. The provisions of this Article 7 shall not apply if a Member's attempted withdrawal or retirement occurs after such time as the Member can no longer make the Charitable Representations of Section 9.2 due to a change in its Federal income tax status.

7.3 Withdrawals from Capital Accounts. A Member may withdraw all or any part of its Capital Account pursuant to the provisions of this Article 7; provided, however, that a Member may not withdraw less than \$100,000 (unless waived by the Manager in its sole discretion on a case-by-case basis). Subject to Section 7.6 below, a Member desiring to make a withdrawal of all or any portion of its Capital Account shall, not less than seventy-five (75) days before the Withdrawal Date, give written notice to the Manager (which notice may be waived by the Manager in its sole discretion) of (i) such Member's intention to make a withdrawal; and (ii) the amount of the withdrawal or the manner in which the amount of the withdrawal is to be determined. A "**Withdrawal Date**" shall be the first business day following the end of any calendar quarter. Subject to Section 7.8, payments for withdrawals pursuant to this Section 7.3 will be made no later than five (5) business days after the Withdrawal Date, provided that payments for withdrawals that are complete retirements of a Member will be made as provided in Section 7.6. Withdrawals will be based upon the Member's Capital Account balance as of the last business day of the month preceding the Withdrawal Date, after taking into account estimated expenses including but not limited to legal, wire transfer, administrative, and other contingent or unrealized reserves or expenses. The number of Interests of the withdrawing Member will be reduced by the Redeemed Interests. The "**Redeemed Interests**" shall be a number of Interests such that the ratio of the Redeemed Interests to the aggregate Interests of all of the Members (including all Interests being redeemed from all Members as of such date) is equal to the ratio of (x) the withdrawal amount of the withdrawing Member to (y) the Net Fund Value as of such date. No withdrawal request (other than a complete withdrawal under the provisions of Section 7.7) may be accepted by the Fund if the effect thereof would be to reduce the remaining Capital Account balance of the Member to less than \$100,000 (or such other amount as determined by the Manager on a case-by-case basis in its sole discretion).

7.4 Mandatory Withdrawals. The Manager, in its discretion (specifically including, but not limited to, in the event of the bankruptcy or insolvency of a Member), may require any Member to withdraw all or any part of its Capital Account from the Fund at any time on not less than thirty (30) days' prior written notice, such withdrawal to be effective on the date specified in such notice.

7.5 Withholding Obligations. Any taxes, fees or other charges that the Fund or the Manager is required to withhold under applicable law with respect to any Member shall be so withheld (and paid to the appropriate governmental authorities) and may be deducted from the Account of such Member or shall be payable on demand by the Member.

7.6 Planned Withdrawals. The Manager may set up a planned withdrawal policy, by which a Member may arrange for scheduled withdrawals from its Capital Account of a defined amount or percentage. A Member who has elected to receive planned withdrawals shall be deemed to have provided the seventy-five (75) day notice to the Manager that is required by Section 7.3.

7.7 Payments on Retirement of a Member.

(a) Payment upon retirement of a Member, whether by (i) withdrawal of such Member's entire Capital Account, or (ii) action of the Manager under Section 7.4 requiring a complete withdrawal by a Member, shall be made pursuant to this Section 7.6. Within thirty (30) days after the date of retirement of a Member in accordance with the terms of this Agreement, there shall be paid or distributed to such Member an amount equal to the balance of its Capital Account to be paid in cash or Securities less reasonable reserve, as determined in the sole discretion of the Manager, for such Member's share of any known expenses or definite or contingent liabilities of the Fund for periods in which such Member was a Member that were not previously taken into account in the former Member's Capital Account. Any such reserve will be distributed to the former Member upon determination by the Manager that it is no longer necessary. The reserve will only be held beyond the completion of the next occurring audit of the Fund if the Manager identifies to the former Member specific determined or contingent liabilities against which the reserve is being held and continues to provide notice of the same to the former Member on a quarterly basis thereafter.

(b) If any amount otherwise distributable to a former Member is held in reserve as provided in subsection (a) hereof, a separate reserve account shall be maintained on the books of the Fund for such former Member. Any balance from time to time remaining in a former Member's reserve account shall bear interest at the rate of interest, if any, then paid on cash balances by the custodian of the Fund's assets, such interest to be payable following the conclusion of such fiscal year, until such balance is applied or distributed to the former Member, which distribution shall occur promptly after the determination, in the sole discretion of the Manager, that there is no reasonable likelihood that such balance will be needed.

(c) Notwithstanding any other provision of this Article 7, retirement of a Member due to its inability to make the Charitable Representations due to a change in its Federal income tax status shall not proceed under Article 7, but shall proceed under the provisions of Article 9.

7.8 Delay of Payments on Distribution or Withdrawal. The Manager may defer a Withdrawal Date or the timing of any other distribution or withdrawal under this Article 7 if, in its opinion, it would be disadvantageous to the Fund to liquidate securities positions at the time withdrawal is requested or if the withdrawal would affect the tax status of the Fund. The Fund may suspend withdrawals for any reason in the best interests of the Fund, including, but not limited to, for any period during which the New York Stock Exchange or NASDAQ National Market is closed or trading on such exchanges is restricted, or during any period of national emergency or similar event in which it is not reasonably practicable for the Fund to dispose of securities owned by it or fairly to determine the value of its assets.

ARTICLE 8 MANAGEMENT DUTIES AND RESTRICTIONS

8.1 Management. Subject to the terms of this Agreement, the Manager shall have the sole and exclusive right to manage, control, and conduct the affairs of the Fund and to do any and all acts on behalf of the Fund. In dealing with the Manager acting on behalf of the Fund, no

person shall be required to inquire into the authority of the Manager or such individual to bind the Fund. Persons dealing with the Fund are entitled to rely conclusively upon the power and authority of the Manager as set forth in this Agreement. The Manager shall take action and make decisions in accordance with the procedures set forth in its internal governing documents, which may include delegation to its Investment Committee and consultation with its Chancellor in accordance with its Bylaws. In no event shall the Manager be a “disqualified person” as the term is defined in Code Section 509(a)(3)(c)). If the Manager becomes a “disqualified person,” it shall be deemed to have resigned immediately.

8.2 Member Powers.

(a) The Members shall take no part in the control or management of the affairs of the Fund nor shall the Members have any authority to act for or on behalf of the Fund or to vote on any matter relative to the Fund and its affairs except as is specifically permitted by this Agreement. Notwithstanding the foregoing, the Manager shall not take the following actions without the consent of Members holding sixty-six and two thirds percent ($66\frac{2}{3}\%$) of the Fund Percentages: (x) dissolve and terminate the Fund; (y) approve any amendment to this Agreement that requires the consent of the Members under Section 12.10; or (z) admit any additional or substitute Manager of the Fund.

(b) Members representing sixty-six and two thirds percent ($66\frac{2}{3}\%$) of the Fund Percentages may remove the Manager at any time.

(c) The Members and the Manager agree that the Certificate of Formation of the Fund shall at no time be amended to remove the provisions therein indicating that the Fund will be an organization that is described in section 501(c)(3) of the Code.

8.3 Investment Opportunities; Conflicts of Interest.

(a) The Manager shall not be obligated to present any particular investment opportunity to the Fund, even if such opportunity is of a character which might be suitable for the Fund.

(b) The Manager shall devote such time, as in its sole discretion, it shall deem necessary and appropriate to manage the affairs of the Fund. Notwithstanding the foregoing, nothing contained in this Agreement shall be deemed to preclude the Manager or any of its governors, officers, consultants, employees or agents from engaging in, pursuing or acquiring any interest in, directly or indirectly, other ventures of any kind, nature or description, independently or with others, whether such ventures are competitive with the activities of the Fund or otherwise, including, without limitation, purchasing, selling, managing or holding securities for the account of any other person or enterprise or for its or his own account, regardless of whether or not any such securities are also purchased, sold or held for the account of the Fund.

8.4 Investment Policy. The Manager has adopted an initial Investment Policy for the Fund, a copy of which is attached hereto as Exhibit A, which includes certain conflict of interest provisions. Notwithstanding the provisions of Section 12.10 the Manager shall have the

authority, in its discretion, to amend the Investment Policy at any time in the best interests of the Fund.

8.5 Withdrawal of Manager. The Manager shall be entitled to withdraw from the Fund at any time upon no less than ninety (90) days advance written notice to the Members.

8.6 Advisory Council. The Fund will form an Advisory Council, which shall consist of five (5) representatives from the Members, each of whom shall serve for a term of two (2) years unless such term is sooner terminated by the Chancellor of the Manager (the “*Chancellor*”). Advisory Council representatives shall be nominated by the Chancellor, and shall be approved by a majority of the Members in writing at a meeting of the Members. The Advisory Council shall have an advisory function only with respect to the Fund and shall provide advice only on matters for which it is consulted by the Manager. The Advisory Council may set up operating procedures governing the administration of the Advisory Council, so long as such procedures are not inconsistent with this Section 8.6 and have been approved by the Manager.

ARTICLE 9 REPRESENTATIONS OF MEMBERS AND TRANSFER OF INTERESTS

9.1 Investment Representations of the Members. This Agreement is made with each of the Members in reliance upon each Member’s representation to the Fund, which by executing this Agreement each Member hereby confirms, that its Interest in the Fund is to be acquired for investment, and not with a view to the sale or distribution of any part thereof, and that it has no present intention of selling, granting participation in, or otherwise distributing the same, and each Member understands that its Interest in the Fund has not been registered under the Securities Act of 1933 (the “*Securities Act*”) and that any transfer or other disposition of the Interest may not be made without registration under the Securities Act or pursuant to an applicable exemption therefrom. Each Member further represents that it does not have any contract, undertaking, agreement, or arrangement with any person to sell, transfer, or grant participations to such person, or to any third person, with respect to its Interest in the Fund.

9.2 Charitable Representations. Each Member certifies that (a) it is exempt from Federal income tax under Section 501(a) because it is described in Code Section 501(c)(3); (b) it is described in either Code Section 509(a)(1) or Code Section 509(a)(2); (c) it has the immediate, unencumbered, unrestricted and exclusive use, benefit and enjoyment of the funds that it contributes to the Fund; (d) the funds invested are not attributable to a retirement plan providing for employee contributions or variable benefits; and (e) no part of the earnings that the Member receives from the Fund will inure to the benefit of a private shareholder or individual and all earnings will only be used for charitable or religious purposes of the Member (the foregoing being the “**Charitable Representations**”). Each Member agrees that such Charitable Representations are considered to be made at all times during its participation in the Fund and that it will provide immediate notice to the Manager if at any time it is unable to make such Charitable Representations. Upon receiving any such notice from a Member, the Manager shall be entitled to cause the complete retirement of a Member pursuant to Section 7 or acquire the Interest of such Member for a price equal to its Capital Account; provided, however, that if a Member can no longer make the Charitable Representations due to a change in its Federal

income tax status, then the Member shall immediately cease to be a Member of the Fund and shall sell its Interest in the Company to the Manager in the capacity as a Member for a price equal to its Capital Account within ninety (90) days of the date of the change of its Federal income tax status. The Members shall certify the Charitable Representations in a separate written document from time to time at the reasonable request of the Manager.

9.3 Transfer by Member. No Member shall sell, assign, mortgage, pledge, hypothecate or otherwise dispose of or transfer its Interest in the Fund without the prior written consent of the Manager, which consent may be granted or withheld in its sole discretion; provided, however, that a Member shall not be allowed to transfer its Interest to any individual or to any organization that cannot make the Charitable Representations.

9.4 Substitution as a Member. A transferee of a Member's Interest pursuant to this Article 9 shall become a substituted Member only with the consent of the Manager, which may be granted or withheld in its sole discretion, and only if such transferee (a) elects to become a substituted Member, (b) executes, acknowledges and delivers to the Fund such other instruments as the Manager may deem necessary or advisable to effect the admission of such transferee as a substituted Member, including, without limitation, the written acceptance and adoption by such transferee of the provisions of this Agreement, and (c) makes the Charitable Representations.

ARTICLE 10 MERGER, DISSOLUTION AND LIQUIDATION OF THE FUND

10.1 Termination of the Fund. The Fund shall dissolve, and the affairs of the Fund shall be wound up (a) ninety (90) days after the withdrawal, bankruptcy, resignation or final liquidation of the Manager, unless Members holding a majority of the Fund Percentages within ninety (90) days of any such event elect to continue the Fund and appoint a new manager, or (b) at any time by the Manager, upon the consent of the Members pursuant to Section 8.2(a).

10.2 Winding Up Procedures.

(a) Promptly upon dissolution of the Fund (unless the Fund is continued in accordance with this Agreement or the provisions of the Act), the affairs of the Fund shall be wound up and the Fund liquidated. The affairs of the Fund shall be wound up and liquidated by the Manager; *provided, however*, that if there is no Manager at such time, a liquidator shall be designated by the Members holding a majority of the Fund Percentages.

(b) Distributions during the winding up period may be made in cash or in kind or partly in cash and partly in kind. The Manager or the liquidator shall use reasonable judgment as to the most advantageous time for the Fund to sell Securities or to make distributions in kind. Each Security so distributed shall be subject to reasonable conditions and restrictions necessary or advisable in order to preserve the value of such Security or for legal reasons.

10.3 Payments in Liquidation. Notwithstanding anything in this Agreement to the contrary, upon dissolution and termination and winding up ("*Liquidation*") of the Fund, any Net Profits and Net Losses, and any items of Fund income, deduction, gain, loss or credit that are

recognized for tax purposes, shall be allocated as provided herein and any cash or other property shall thereafter be applied and distributed in the following order of priority:

(a) to the creditors of the Fund, other than Members, in the order of priority established by law, either by payment or by establishment of reserves;

(b) to the Members, in repayment of any loans made to, or other debts owed by, the Fund to those Members that can then make the Charitable Representations.

(c) to the Members that can then make the Charitable Representations in respect of the positive balances in their Capital Accounts; provided, however, if any Member's Capital Account has a deficit balance (after giving effect to all contributions, distributions and allocations for all taxable years, including the year in which such Liquidation occurs), such Member shall not be required to contribute to the capital of the Fund the amount necessary to restore such deficit balance if it can then make the Charitable Representations.

(d) The balance, if any, after paying or making provision for the payment of all of the liabilities of the Fund, to the Manager, or if the Manager does not then exist or is not then described in Code Section 501(c)(3), exclusively to one or more organizations then described in Code Sections 170(c)(2), 501(c)(3), 2055(a)(2), and 2522(a)(2) having purposes substantially similar to those of the Fund (except that no private foundation as defined by Code Section 509(a) shall be a recipient) or to one or more units or agencies of federal, state, or local government to be used exclusively for public purposes, as the Manager shall determine. Any of such assets not so distributed shall be distributed to one or more of such organizations as determined by the local court of the county in which the principal office of the Fund is then located.

10.4 Merger or Conversion. In no event shall the Fund merge with or convert into an entity that is not described in Code Section 501(c)(3).

ARTICLE 11 FINANCIAL ACCOUNTING, REPORTS, AND MEETINGS

11.1 Financial Accounting; Fiscal Year. The books and records of the Fund shall be kept in accordance with the provisions of this Agreement and otherwise in accordance with generally accepted accounting principles consistently applied; *provided, however*, that, pursuant to Section 18-305(c) of the Act, neither the Fund nor the Manager shall be required to disclose, for such period of time as the Manager deems reasonable, any information which the Manager reasonably believes to be in the nature of trade secrets or other information the disclosure of which the Manager in good faith believes is not in the best interest of the Fund or could damage the Fund or its business or which the Fund is required by law or agreement with a third party to keep confidential. During the term of the Fund, such books will be audited by an independent public accountant selected by the Manager. The Fund's fiscal year shall be the calendar year.

11.2 Supervision; Inspection of Books. Proper and complete books of account of the Fund, copies of the Fund's federal, state and local tax and information returns for each fiscal year, the Schedule of Members, this Agreement and the Fund's Certificate of Formation shall be

kept under the supervision of the Manager at the principal office of the Fund. Such books and records shall be open to inspection by the Members, or their accredited representatives, at any reasonable time during normal business hours after reasonable advance notice; provided that any such representative has been informed of the confidential nature of such books and records and, by the nature of the representative's position, pursuant to written agreement, or otherwise, is bound by disclosure and use restrictions with respect to such books and records at least as restrictive as those set forth in this Agreement.

11.3 Reports. The Manager will provide reports to Members on a quarterly basis outlining the most up to date valuation information available, performance of the Fund, and Fund activity (to include contributions, withdrawals and allocated expenses). On a regular basis, the Manager will endeavor to provide a report on all portfolio holdings of the Fund.

11.4 Financial Statements of the Fund. The Manager will furnish the Members with audited financial reports of the Fund prepared by the Fund's independent certified public accountants as soon as practicable after the end of each fiscal year. In addition, promptly after the completion and delivery of the report of the Fund's independent auditors following the end of each fiscal year, the Fund shall send to each Member a report indicating such information with respect to the Members as is necessary for the purposes of reporting such amounts for U.S. federal, state and local income tax.

11.5 Confidentiality Information. This Agreement and all financial statements, tax reports, portfolio valuations, reviews or analyses of potential or actual investments, reports or other materials and all other documents and information concerning the affairs of the Fund and its investments (collectively, the "*Confidential Information*"), that any Member may receive pursuant to or in accordance with this Agreement, or otherwise as a result of its ownership of an Interest in the Fund, constitute proprietary and confidential information about the Fund and the Manager (the "*Affected Parties*"). No Member shall reproduce any of the Confidential Information or portion thereof or make the contents thereof available to any third party other than a disclosure on a need-to-know basis to such Member's legal, accounting or investment advisers, auditors and representatives (collectively, "*Advisers*"), provided that any such Advisers have been informed of the confidential nature of the Confidential Information and, by the nature of their position, pursuant to written agreement or otherwise, are bound by disclosure and use restrictions with respect to such Confidential Information at least as restrictive as those set forth in this Agreement.

11.6 Meetings. The Manager will hold periodic meetings with Members by conference telephone to review performance of the Fund and answer questions about the operation of the Fund.

ARTICLE 12 OTHER PROVISIONS

12.1 Governing Law. This Agreement shall be governed by and construed under the laws of the State of Delaware as applied to agreements among the residents of such state made and to be performed entirely within such state.

12.2 Limitation of Liability of the Members. Except as required by law or this Agreement, no Member shall be bound by, nor be personally liable for, the expenses, liabilities, or obligations of the Fund; provided, however, the Members shall be liable to the Fund for any loss incurred due to the failure of the Member to immediately notify the Fund of its inability to continue to make the Charitable Representations.

12.3 Exculpation. Neither the Manager, nor its officers, governors, employees, agents, or representatives, including members of the Manager's Investment Committee, shall be liable to any Member of the Fund for honest mistakes of judgment or for action or inaction, taken in good faith for a purpose that was reasonably believed to be in the best interests of the Fund, or for losses due to such mistakes, action, or inaction, or to the negligence, dishonesty, or bad faith of any employee, broker, or other agent of the Fund; *provided*, that such employee, broker, or agent was selected, engaged, or retained with reasonable care. The Manager and such persons may consult with counsel and accountants in respect of Fund affairs and be fully protected and justified in any action or inaction that is taken in accordance with the advice or opinion of such counsel or accountants; *provided*, that they shall have been selected with reasonable care. Notwithstanding any of the foregoing to the contrary, the provisions of this section and the immediately following section shall not be construed so as to relieve (or attempt to relieve) any person of any liability by reason of fraud, willful misconduct, recklessness, gross negligence, or to the extent (but only to the extent) that such liability may not be waived, modified, or limited under applicable law, but shall be construed so as to effectuate the provisions of such sections to the fullest extent permitted by law.

12.4 Indemnification. The Fund agrees to indemnify, out of the assets of the Fund only, the Manager, its governors, officers, employees, agents, and representatives of the Manager, including Members of the Manager's Investment Committee (collectively, the "*Indemnified Parties*" and each an "*Indemnified Party*"), to the fullest extent permitted by law and to save and hold them harmless from and in respect of all (a) reasonable fees, costs, and expenses, including legal fees, paid in connection with or resulting from any claims, actions, or demands against any Indemnified Party or the Fund that arise out of or in any way relate to the Fund, its properties, or affairs and (b) such claims, actions, and demands and any losses or damages resulting from such claims, actions, and demands, including amounts paid in settlement or compromise (if recommended by attorneys for the Fund) of any such claim, action or demand; *provided, however*, that this indemnity shall not extend to conduct of an Indemnified Party not undertaken in good faith to promote the best interests of the Fund nor to any conduct which constitutes fraud, willful misconduct, recklessness or gross negligence. Expenses incurred by any Indemnified Party in defending a claim, action or demand covered by this Section shall be paid by the Fund in advance of the final disposition of such claim, action or demand provided the Indemnified Party undertakes to repay such amount if it is ultimately determined that such person was not entitled to be indemnified. The provisions of this Section 12.4 shall remain in effect as to each Indemnified Party whether or not such Indemnified Party continues to serve in the capacity that entitled such person to be indemnified.

12.5 Execution and Filing of Documents. This Agreement may be executed in two (2) or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

12.6 Other Instruments and Acts. The Members agree to execute any other instruments or perform any other acts that are or may be reasonably necessary to effectuate and carry on the Fund created by this Agreement.

12.7 Binding Agreement. This Agreement shall be binding upon the successors, assigns, and legal representatives of the Members.

12.8 Notices. Any notice or other communication that one Member desires to give to another Member shall be in writing, and shall be deemed effectively given upon personal delivery or three (3) days after deposit in any United States mail box, by registered or certified mail, postage prepaid, upon confirmed transmission by facsimile or electronic mail, or upon confirmed delivery by overnight commercial courier service, addressed to the other Member at the address under signature to this Agreement or at such other address as a Member may designate by fifteen (15) days' advance written notice to the other Members; *provided, however*, that any notice to a Member with an address outside the United States shall be deemed effectively given only upon personal delivery or upon confirmed transmission by facsimile or electronic mail with a confirmation copy sent by air mail, or upon confirmed delivery by international commercial courier service; *provided further*, that any notice sent by facsimile after the normal business hours of the recipient shall be effective at the beginning of the next business day of the recipient.

12.9 Power of Attorney. By signing this Agreement, each Member designates and appoints the Manager its true and lawful attorney in fact, in its name, place, and stead for the following purposes only: (a) to make, execute, sign, and file the Certificate of Formation of the Fund and any amendment thereto and such other instruments, documents, or certificates that may from time to time be required of the Fund by the laws of the United States of America, the laws of the state of Delaware, or any other state in which the Fund shall conduct its affairs in each case solely in order to qualify or otherwise enable the Fund to conduct its affairs in such jurisdictions; and (b) to amend this Agreement and the Certificate of Formation (and to execute any amendment to this Agreement or the Certificate of Formation of the Fund on behalf of itself and as attorney in fact for each of the Members) as may be required to effect:

(a) Admission of additional Members pursuant to and in accordance with Article 3; or

(b) Additional capital contributions pursuant to and in accordance with Article 3.

The foregoing power of attorney is a special power of attorney coupled with an interest, is irrevocable and shall not be affected by subsequent disability or incapacity of a Member but shall expire as to such Member immediately after the dissolution of the Fund or the complete withdrawal of such Member as a Member of the Fund.

12.10 Amendment.

(a) Except as provided by the immediately preceding section and subject to Sections 12.10(b) and (c) below, this Agreement may be amended only with the written consent of the Manager and the Members holding a majority of the Fund Percentages.

(b) Notwithstanding the above, no amendment of this Agreement may (i) modify any provision requiring the consent or approval of Members holding more than a majority of the Fund Percentages without the consent of such higher Fund Percentages, (ii) modify the method of making Fund allocations set forth in Article 5 in a manner not affecting the Members as a class, (iii) modify the method of determining the Fund Percentage of any Member, (iv) reduce any Member's Capital Account, or (v) amend Section 12.10(b), unless each Member so affected thereby has expressly consented in writing to such amendment, or (vi) make an amendment that would disqualify the Fund from being described in Code Section 501(c)(3) or Code Section 509(a)(3).

(c) Notwithstanding the above, the Manager may amend this Agreement without the consent of the Members to (i) remove or correct any inconsistency, ambiguity or error contained in the Agreement; (ii) to the extent necessary to maintain the Fund's qualifications under Code Section 501(c)(3) and Code Section 509(a)(3) and (iii) make a change that does not adversely affect the Members in any material respect.

12.11 Entire Agreement. This Agreement constitutes the full, complete, and final agreement of the Members and supersedes all prior written or oral agreements between the Members with respect to the Fund.

12.12 Titles; Subtitles. The titles and subtitles used in this Agreement are used for convenience only and shall not be considered in the interpretation of this Agreement.

12.13 Fund Name. The Fund shall have the exclusive right to use the Fund name as long as the Fund continues. Upon termination of the Fund, the Fund shall assign whatever rights it may have in such name to the Manager. No value shall be placed upon the name or the goodwill attached to it for the purpose of determining the value of any Member's Capital Account or interest in the Fund.

12.14 Enforcement of Rights. The Manager and any Member that can then make the Charitable Representations agree to expeditiously and rigorously enforce all of their rights in the Fund and under applicable law and will pursue all legal and equitable remedies to protect their interests in the Fund.

12.15 Federal Tax Status. The Manager and the Members intend that the Fund shall be treated as a corporation for Federal income tax purposes and shall file such documents as may be necessary to effectuate the same.

IN WITNESS WHEREOF, the undersigned parties have executed this Second Amended and Restated Limited Liability Company Agreement as of the date first written above.

MANAGER:

ORIGINAL MEMBER:

CATHOLIC EXTENSION SOCIETY OF
THE UNITED STATES OF AMERICA

CATHOLIC EXTENSION SOCIETY OF
THE UNITED STATES OF AMERICA

BY: _____

BY: _____

(TYPE OR PRINT NAME)

(TYPE OR PRINT NAME)

(ADDRESS)

EXHIBIT B

MISSION DIOCESE FUND INVESTMENT POLICY

The Investment Committee of the Manager has adopted an Investment Policy (“*Investment Policy*”) for the Fund. The purpose of the Investment Policy is to:

- Guide the actions of Catholic Extension as it acts as the manager of the Fund.
- Communicate the investment guidelines to the Members of the Fund and the Chancellor.
- Identify the criteria against which the Manager will evaluate the performance of the Fund.
- Serve as a review document to guide the ongoing oversight of the management of the Fund’s investments.
- Define and assign the responsibilities of all involved parties.

The Investment Committee of the Manager will annually review this Investment Policy and will likely revise it from time to time.

Objectives and Asset Allocation

The objectives of the Fund are to preserve the capital contributed to the Fund by its Members while generating income that will support the activities of the Members. The specific investment goals for the Fund are to protect the Member’s capital over the long term, adjusting for inflation, while assuming Members will withdraw between 3%-5% of the value of their Fund accounts on an annual basis in order to comply with the Members’ spending policy needs, while exceeding the Fund’s designated benchmarks over the long term.

The primary purpose of the fixed income allocation is to provide a hedge against deflation and, secondarily, to provide a source of current income and diversification for the Fund. The investment objective for the fixed income fund is to outperform the Barclays Capital Aggregate Bond Index. The average credit quality of the total fixed income allocation should be A or higher. The Investment Committee may allocate any percentage of the fixed income portfolio to US Treasuries or cash that it deems appropriate to control risk.

As noted above, the Investment Committee receives asset selection and allocation advice from the Investment Consultant. The portfolio’s proposed initial asset allocations are below:

<u>Asset</u>	<u>2011 Proposed Allocation & Ranges</u>	
<input type="checkbox"/> U.S. Equities	16%	11% - 21%
<input type="checkbox"/> Global ex-U.S. Equity	14%	10% - 18%
<input type="checkbox"/> Emerging Markets	5%	1% - 10%
<input type="checkbox"/> Opportunistic Equity	5%	0% - 10%
<input type="checkbox"/> Hedge Funds	25%	15% - 35%

<input type="checkbox"/> Inflation Hedge	15%	5% - 25%
<input type="checkbox"/> Bonds	20%	15% - 35%
<input type="checkbox"/> Cash	0%	0% - 10%

The Investment Consultant will provide quarterly reports to the Investment Committee regarding the Fund and its actual asset allocations as compared to the asset allocation targets above. Rebalancing will occur on a regular basis and the Investment Committee will review the targets on an annual basis

Benchmarks

The Manager will assess the Fund's performance against three benchmarks:

- A custom benchmark based on market indices created using appropriate asset class benchmarks, weighted according to Investment Policy targets over time (described below).
- A peer benchmark using actual performance data from comparable institutions – Cambridge Associates Endowment Median.
- A passive benchmark of 60% S&P 500 and 40% Barclays Capital Aggregate.

The Fund's performance will be compared against the benchmarks on a quarterly, fiscal year-to-date, one-year, three-year, five-year and since inception basis. The current custom benchmark is as follows:

16% Russell 3000
14% MSCI EAFE
5% MSCI Emerging Markets
5% MSCI World
15% (65% MSCI World Natural Resources, 10% DJUBS, 10% BC US 1-10 Year TIPS, 15% NAREIT Equity)
25% HFRI Fund-of-Funds Index
20% Barclays Capital Aggregate

Management

The Fund has elected to incorporate a blend of passive and active management in the large cap equity allocation and active management for the remaining equity and fixed income allocations. The underlying rationale for this decision is that the Manager believes over the long term a significant group of active managers have added value in the less efficient asset classes where active managers can focus portfolios to exploit inefficiencies in particular market sectors. Furthermore, they can reduce risk by lowering the portfolio correlation to the capital markets. Given these issues, the Fund shall engage active managers in these areas in order to create the potential to outperform the market. In the case where passive management has been incorporated, *i.e.*, domestic large cap stocks, the underlying rationale is that the Manager

believes that the markets are efficient to the extent that it is unlikely active managers can add value consistently over the long term.

There is no established limit on the number of investment managers for the Fund. Rather, the process is to find managers suitable to supporting the portfolio structure and consequently to supporting the financial and investment objectives. Strategies used by investment managers will not be overly complex, lack transparency or require heavy borrowing to leverage up small fundamental returns. Examples of strategies to avoid include "black-box" quantitative funds with low transparency and fixed income arbitrage funds that require large amounts of leverage to produce adequate returns and therefore could be exposed to "fat-tail" events. The criteria for choosing investment managers include, but not are limited to:

- Complexity of strategies: Can the investor understand investment strategy?
- Breadth of Mandate: Does the firm invest only where it has expertise?
- Limited disclosure / transparency: Is level of investor communication satisfactory?
- Leverage: Are returns dependent on borrowing, short-sales, or derivatives?
- Illiquidity: Does liquidity of firm's positions match investment strategy?
- Co-investor risk: Are other investors in fund also long-term investors?
- Correlations: Have correlations increased in light of the market crisis?
- Key man risk: How dependent is a firm on one or more key individuals?
- Organizational risks: Does firm have proper controls / regulation in place?

The following limits are in place to ensure the diversification and risk exposures are managed within an acceptable range:

- Market value in a single fixed income instrument will not exceed 5% of the fixed income portfolio
- The top 10 and top 20 holdings will not exceed 30% and 50% of the fixed income portfolio, respectively
- Investments in non-US bonds will not exceed 30% of the fixed income portfolio
- Average duration of the total fixed income allocation should be the duration of the Barclays Capital Aggregate Bond Index plus or minus two years (except when the Investment Committee allocates changes the percentage of the fixed income portfolio outside of the proposed range for US Treasuries or cash that it deems appropriate to control risk)
- Average credit quality of the total fixed income allocation should be A or higher
- Top 5 investment managers not exceed 50% of portfolio; No manager to have more than 20% of portfolio
- The hedge fund program is expected to average gross exposure of around 150% and net exposure of around 50%. Gross exposure for the total program should be no more than

180% at any given time. Maximum net exposure for the total program should not exceed 70% and the minimum net exposure should not be less than 20%.

On an annual basis, Members can inform the Fund that they need to make pre-determined withdrawals from the Fund for their individual spending policy needs. Other withdrawals require a minimum of 75 days' notice to the Fund (unless waived by Manager). Due to the long-term investment outlook for this Fund, the Manager will make investment decisions assuming Members will need to withdraw between 3%-5% of the value of their Fund accounts on an annual basis.

The Fund will undergo rebalancing activities whenever the Fund falls outside asset allocation range. Rebalancing can take place any time during the fiscal year, with an effort focused on maintaining or providing sufficient liquidity for upcoming withdrawals, as discussed above. Once a year, the Investment Committee of the Manager will review the asset allocation target policy, and rebalance the Fund as necessary to adjust for any changes.

Conflicts of Interest

In the case where an Investment Committee member, or members of the executive staff of the Manager, has a material interest (defined as over 5% equity or voting ownership of a company or partnership) in any investment the Fund holds, or is contemplating holding, assets in, that person is expected to notify the Fund of the nature of the material interest and whether he or she is planning to reduce or liquidate the investment before the Fund. In addition to the above, the Investment Committee will comply with any other conflict of interest policies or laws that may be applicable to it, to the Manager or to the Fund.

Socially Responsible Investing

The Fund recognizes that all Catholics are called to exercise faithful, competent and socially responsible stewardship in how they manage their financial resources. In order to function effectively and carry out its mission, the Fund depends on a reasonable return on its investments and is required to operate in a fiscally sound, responsible and accountable manner. To meet this combination of religious and fiduciary responsibility, the Fund will apply the most-current USCCB SRI guidelines when reviewing its investment decisions.

It is the responsibility of the Manager, through its Investment Committee, to carry out the SRI guidelines through strategies that seek to avoid participation in harmful activities, to use its role as stockholder for social stewardship, and to promote the common good.

The Fund prohibits investment in individual companies that are directly involved in abortion, contraceptives, embryonic stem cell/human cloning, pornography, military weapons, antipersonnel landmines or discriminate based on race or gender. Involvement in pornography and military weapons is defined as the activities representing greater than 15% of total revenues. For pooled investment vehicles of greater complexity or fluidity, the Manager's Investment Committee will conduct initial due diligence and ongoing monitoring to confirm that the fund manager is in compliance with policies put forth above. If later information indicates that a fund

manager is not in compliance with these policies and does not appear likely to respond to any influence to remedy the situation, the Fund will divest from the fund manager.

The Investment Policy seeks active corporate participation, where possible, through the use of the shareholder resolution process or private correspondence, especially in regards to promoting human dignity, pursuing economic justice and protecting the environment. The Investment Committee may also consider investments that promote the common good within the context of generating a reasonable rate of return that fulfills its obligations.

Investments made on behalf of the Fund will, as far as possible, be monitored and influenced in light of the principles stated above.

SRI compliance screening and monitoring will be performed during the investment decision process as well as on a regular ongoing basis for all holdings. Every quarter, the Manager will receive a MSCI listing of securities screened as part of Social Responsible Investing guidelines as set by the USCCB.

New Investment Decisions

Direct Investments

- Manager will be given the screened list of companies not to invest in.

Pooled or commingled investments

- Review top 10 holdings for compliance over the last four quarters (if available)
- Identify any holdings out of compliance and calculate the percentage of the holding's value relative to the entire fund manager portfolio market value
- Do not invest if a prohibited company has been in the top 10 holding for the last four quarters or total ownership of prohibited companies are above 10% of total market value
- For those investments that are approved, provide fund manager with overview of SRI monitoring and communication process (Attachment A)

Ongoing Investment Monitoring

Quarterly SRI Monitoring

- Create list of holdings from fund managers and/or Form 13F SEC filings
 - o Exempt fund managers that use a screened asset class compliant with USCCB SRI or have targeted strategies that are not relevant to for monitoring (e.g., commodities, REITS, sovereign debt)
- Review top 10 holdings for compliance
- Identify any holdings out of compliance and calculate the percentage of the holding's value relative to the entire fund manager portfolio market value

Direct Investment Manager Communications

- Direct manager to divest any holding not in compliance

- Send letter reiterating the SRI guidelines and screened list
- Committee will consider changing manager if there is a consistent pattern of non-compliance

Pooled or Commingled Fund Manager Communications

- If a prohibited company is in the top 10 or total ownership of prohibited companies are above 10% of total market value of the fund
 - Send letter reminding them of the USCCB SRI guidelines (Attachment B)
 - Provide listing of current holdings not in compliance with SRI guidelines
 - Request fund manager to incorporate guidelines in future investment decisions with desire to divest of holdings and focus on opportunities that do not conflict with USCCB SRI guidelines
- Divest from a fund manager that remains out of compliance for four consecutive quarters, as per redemption conditions in the fund documents (i.e., the “Redemption Period”); an investment can be maintained should the fund come into compliance during the Redemption Period
- Provide annual letter requesting support on shareholder resolution voting with regards to promoting human dignity, pursuing economic justice and protecting the environment

Attachment A: Sample Letter for Initial Investment

Fund Manager
Fund Address

Dear Fund Manager:

The Mission Diocese Fund, LLC is pleased to invest \$X million in your fund. As a Catholic organization, we strive to follow the U.S. Conference of Catholic Bishop's Guidelines on Socially Responsible Investing (USCCB SRI). While we understand that you have a fiduciary responsibility to all of your fund investors, we would ask that you consider the key tenets of the USCCB SRI when making investment decisions.

We ask that you avoid investment in individual companies that are directly involved in abortion, contraceptives, embryonic stem cell/human cloning, generation of pornography, primary production of military weapons and antipersonnel landmines or discriminate based on race or gender. In addition, we ask that you vote favorably on any shareholder resolutions in regards to promoting human dignity, pursuing economic justice and protecting the environment. We hope you agree that there plenty of opportunities to provide superior asset returns without supporting these industries or practices.

As part of our formal quarterly process, we will be reviewing your holdings and notify you if we find you are investing in companies that are not in compliance with the USCCB SRI guidelines. We ask that you take our concerns into consideration when making future investment decisions regarding those companies. We do, however, understand that you are under no obligation to do so given the opportunistic nature of your investment strategy as referred to in your fund documents.

Thank you for considering these issues.

Regards,

Attachment B: Sample Letter for SRI Compliance Monitoring

Fund Manager
Fund address

Dear Fund Manager:

The Mission Diocese Fund, LLC thanks you for your successful management of your fund. We would like to remind you that as a Catholic organization, we strive to follow the U.S. Conference of Catholic Bishop's Guidelines on Socially Responsible Investing (USCCB SRI). While we understand that you have a fiduciary responsibility to all of your fund investors, we would ask that you consider the key tenets of the USCCB SRI when making investment decisions.

We ask that you avoid investment in individual companies that are directly involved in abortion, contraceptives, embryonic stem cell/human cloning, generation of pornography, primary production of military weapons and antipersonnel landmines or discriminate based on race or gender.

As part of the formal quarterly review process mentioned at the inception of our investment, our review of your holdings as of mm/dd/yy indicated that the following companies do not comply with the USCCB SRI:

<u>Ticker</u>	<u>Company</u>	<u>Reason</u>
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We ask that you review your investment thesis for these companies and take our request into consideration when making future investment decisions regarding those companies. We do, however, understand that you are under no obligation to do so given the opportunistic nature of your investment strategy as referred to in your fund documents.

Thank you for considering these issues.

Regards,