



## CATHOLIC VALUES 100 Fourth Quarter 2007 Results (Net of Management Fees)

	<u>Fourth Quarter</u>	<u>2007</u>	<u>5 Year Average</u>
Catholic Values 100	-0.59%	+16.19%	21.8%
Russell 1000 Index	-3.23%	+5.77%	13.5%
Russell 3000 Index	-3.34%	+5.14%	12.4%
S&P 500 Index	-3.33%	+5.49%	12.8%

The market ended the year with the highest gold prices since 1980, oil near \$100 a barrel and a severely weakened economy as the result of our sub-prime/housing problems. While the decline of the dollar has improved price competitiveness for us overseas, the advantage does not appear enough to offset our domestic issues. We were disappointed that the Fed did not also lower the discount rate at their last meeting and we urge Washington to provide some fast acting fiscal stimulus that directly benefits the middle class. As to be expected, the financial and consumer areas were the hardest hit by the sub-prime problem. Financial Service stocks declined 15.0% for the quarter, Consumer Discretionary fell 10.49% and the overall market was off about 3.3%.

The fourth quarter capped off a very good year and longer term performance record for our Catholic Values 100 portfolio. We are pleased to report that the investment returns for our Catholic Portfolio have provided investors compound **average returns of 21.7% per year over the past five years**, significantly ahead of most broad-market domestic stock indexes.

	<u>FOURTH QUARTER COMPARISONS</u>			<u>FULL YEAR COMPARISONS</u>		
	<u>Growth</u>	<u>Value</u>	<u>Core</u>	<u>Growth</u>	<u>Value</u>	<u>Core</u>
Russell 1000	-0.77%	-5.80%	-3.23%	11.81%	-0.17%	5.77%
Russell MidCap	-1.70%	-5.97%	-3.55%	11.43%	-1.42%	5.60%
Russell 2000	-2.10%	-7.28%	-4.58%	7.05%	-9.78%	-1.57%
Russell 3000	-0.88%	-5.91%	-3.34%	11.40%	-1.01%	5.14%

For the third quarter in a row, growth issues of all sizes dominated in the quarter and the large cap space placed first in both the growth and value categories. The exact same patterns were evident for the year as a whole. After several years of out-performance, it was a tough year for small cap value stocks.



## Sector Analysis

Sector	Fourth Quarter % Change		Sector Weights	
	Catholic Values 100	S&P Sectors	Catholic Values Average	S&P 500 12/31/07
Basic Materials	-1.52%	-4.4%	5.2%	3.3%
Cap. Goods/Ind.	-4.30%	-5.12%	16.2%	11.5%
Info. Tech.	5.51%	-0.08%	14.6%	16.8%
Cons. Discret.	-10.62%	-10.49%	9.5%	8.5%
Healthcare	-3.61%	-0.46%	10.2%	12.0%
Cons. Staples	-5.16%	3.26%	2.0%	10.2%
Energy	7.66%	4.07%	16.7%	12.9%
Financial	0.41%	-15.04%	24.8%	17.6%
Utilities	-	6.76%	-	3.6%
Telecom.	10.92%	-5.79%	0.09%	3.6%

Only four sectors turned a profit during the quarter and investment in Energy and Technology led the way. Surprisingly, the Financial Sector holdings produced the third best gains for the period.

### ADVOCACY UPDATE

As part of its meeting with Wal-Mart last month, our advocacy affiliate, Aquinas Associates, obtained a commitment from the new president of the Wal-Mart Foundation, Margaret McKenna, that the Foundation would not donate to Planned Parenthood. This is in addition to the corporate level commitment made to Aquinas a few months ago. Aquinas is proud of its pro-life advocacy efforts in this area and the news on this subject is encouraging. The Centers for Disease Control recently reported that abortions nationwide have dropped to their lowest level since 1974. A growing number of corporations have ceased to support Planned Parenthood and many have done so as the result of Aquinas' efforts.

In the despicable area of child sex tourism, Starwood Hotels has joined Marriot to address this issue throughout its hotel properties. Posted on its website at year end, the company's Human Rights Policy statement specifically includes a policy that deals with the Protection of the Rights of Children. The document indicates that the company supports the elimination of exploitative child labor and supports laws enacted to prevent and punish the crime of sexual exploitation of children. Although Wyndham Hotels has also drafted a Human Rights Policy Statement, the company is only modestly supportive of this issue and Aquinas is working with other investors to persuade them to be pro-active in this area.



Additional advocacy issues regarding pornography, gender discrimination, labor standards, and affordable housing are in various stages of discussion. For instance, Aquinas and a few other investors met with Lee Scott, president of Wal-Mart, on November 7 to discuss their ethical sourcing practices, and it was part of a group that met with Michael Gallagher, on December 5<sup>th</sup> the new head of the Entertainment Software Association to discuss pornography issues. We are pleased with the Catholic advocacy efforts provided by Aquinas last year and we look forward to 2008 which Aquinas believes will be a very active and successful year.

**Five Years  
To 12/31/2007**

	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>Compounded</u>
<b>Catholic Values 100</b>	<b>16.2%</b>	<b>11.5%</b>	<b>19.5%</b>	<b>25.8%</b>	<b>37.4%</b>	<b>21.8%</b>
Russell 1000	5.8%	15.5%	6.3%	11.4%	29.9%	13.5%
S&P 500 Composite	5.5%	15.8%	4.9%	10.9%	28.7%	12.8%
Russell 3000	5.1%	13.9%	4.6%	10.8%	29.4%	12.4%

Past performance is no guarantee of future results. The Summit composites are constructed of similarly managed unconstrained, discretionary accounts in accordance with industry calculation standards. New accounts are included in their first full calendar months of operation. Performance is based on time-weighted, total returns including resigned accounts. Performance results reflect the reinvestment of dividends and other earnings. Net of Fees performance is determined by deducting the maximum wrap fee of 1.4% per year from the gross returns. Summit's exact fees are described in part II of Form ADV. The composition and market volatility of the Russell 1000, S&P 500 and Russell 3000 indices, and the composition and volatility of the portfolios managed by Summit are materially different. The results presented were achieved during generally upward trending market conditions.

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