



Advancing Faith Values Through Impact Investing

A Short Guide for Faith Investors
and their Financial Professionals



“Investing is an extension of our faith and mission to positively impact underserved communities.”

Cathy Rowan
Trinity Health

Impact Investing is Faith in Action

What is impact investing?

Communities of faith across religions and cultures have long, rich traditions of considering the impact of their financial decisions and how those choices align with their beliefs. In recent decades, faith institutions have helped create the impact investing market, and proven that it can be a viable, cross-asset-class investment strategy to advance their values and vision for a better world.

Impact investments create intentional, measurable social and environmental impact alongside financial returns. They finance solutions people and planet need—like affordable housing, quality jobs, community services, clean energy, and environmental sustainability.

This guide is meant to help faith investors and their investment professionals—internal finance staff and investment committees, as well as external advisors and consultants—begin to understand impact investing and the opportunity it presents for their portfolios.



Impact investing is an extension of what many faith investors already do by screening out companies that harm the world and by advocating as shareholders for change at corporations, but with a more direct and tangible impact in communities.

Impact investing is a powerful way to align religious commitments and values with investing practices. It is a way to fulfill traditions, serve the most vulnerable and disenfranchised communities with dignity, bring opportunity to neighbors locally and globally, and create a more just and sustainable world for all inhabitants. **Simply put, impact investing is faith in action.**

“We’re acting in accord with the highest teachings of our traditions about the best way to help our sisters and brothers.”

Rabbi Mordechai Liebling
Reconstructionist Rabbinical College

The sustainable and impact investing market is strong and growing.

\$715 Billion

The current impact investing market is now at \$715 billion, a **40% increase over two years**, with investors saying their allocations will continue to grow.¹

\$17.1 Trillion

Investments considering **environmental, social, and governance (ESG) factors** now stand at \$17.1 trillion, or 1 in 3 dollars under professional management in the U.S. This represents a **42% increase since 2018**.²



Faith-based institutional investors reported **\$27 billion in ESG assets**, up from **\$24 billion in 2018**.³



of institutional investors **are integrating or considering integrating** sustainable investing in all or part of their portfolios

80%
are integrating
sustainable investing

+

15%
are actively considering
sustainable investing

Further, **57%** of institutional investors foresee a near future when they **will only allocate to investment managers with a formal approach to ESG**⁴

As impact investors, faith communities can:

- ➔ Answer faith's calling to steward financial assets towards creating a more equitable and sustainable world
- ➔ Switch from investments that might unintentionally cause harm and contradict faith values, to investments that better align with one's values, philanthropy, and service work
- ➔ Provide further diversification to portfolios across asset classes and risk/return profiles
- ➔ Invest collaboratively with institutions across faiths to advance shared values and goals
- ➔ Be a model for how to use one's assets to serve community and higher calling

¹ GIIN (Global Impact Investing Network) [2020 Annual Impact Investor Survey](#)

² Ibid.

³ According to US SIF's [2020 Report on US Sustainable, Responsible and Impact Investing Trends](#)

⁴ According to Morgan Stanley's [2020 Sustainable Signals: Asset Owners See Sustainability as Core to the Future of Investing \(PDF\)](#)

Impact Investing Allows Faith Investors to:

Support impact sectors that resonate with a faith community's strategic priorities



Affordable
Housing



Racial Justice and
Women's Empowerment



Environmental and
Climate Solutions



Economic Opportunity
and Good Jobs



Healthy
Communities



Quality Education
and Child Care

Contribute to the United Nations' Sustainable Development Goals

The [Sustainable Development Goals](#) (SDGs) provide a powerful framework for faith investors looking to achieve impactful, long-term investment results that align with their values.



And create tangible impact in the communities they care about, across the U.S. and around the world.



Azure Source Capital

📍 EL SALVADOR

Azure seeks to expand access to clean water for the poor in rural and small urban areas where more than 60% of people have no or unreliable access to water.

Clean Water



Chicanos Por La Causa

📍 SOUTHWESTERN U.S.

Chicanos Por La Causa helps migrants, seniors, refugees, and other low-income people achieve self-sufficiency through access to quality housing, healthcare, education, jobs, and political representation.

Community Development

Affordable Housing

Small Business



ECLOF International

📍 ASIA, LATIN AMERICA, SUB SAHARAN AFRICA

ECLOF International is a faith-based organization promoting human dignity by supporting micro-entrepreneurs and smallholder farmers with financial and technical assistance.

Microfinance

Sustainable Agriculture



Greenline Ventures

📍 U.S.

Greenline Ventures provides affordable loans to underserved small businesses and creates quality jobs and wealth building opportunities in low-income and minority communities.

Small Business



SunFunder

📍 SUB SAHARAN AFRICA

SunFunder supports solar companies and projects to improve access to clean energy, mitigate CO2 emissions, and create jobs in emerging countries.

Small Business

Renewable Energy



Volunteers of America

📍 U.S.

Volunteers of America is a faith-based organization providing comprehensive services to the elderly, veterans, homeless, people with disabilities, and those recovering from addiction.

Affordable Housing

Healthcare

Impact Investing Opportunities

There are many terms used to describe sustainable, responsible, and impact investing strategies. Investors looking for impact often start by considering environmental, social, and governance (ESG) factors and engaging corporations within the public markets.

Impact investments are different, as the investment itself has the express purpose and intent of creating solutions to social and environmental challenges, alongside a financial return, and mostly exist within the private markets.

	ESG Investments	Impact Investments
Options	Mutual funds, ETFs, stocks, bonds	Cash, fixed income/debt, venture capital, real assets, direct investments
Impact tools	Screening companies in or out, proxy voting, shareholder engagement	Finance communities and markets not served by traditional finance
Impact intent	Reduce harm & risk, improve corporate practices	Create solutions to social and environmental challenges
Impact reporting	Examples of changed corporate practices (e.g., board representation, disclosure on political spending, understanding climate risk)	Measurable outputs (e.g., affordable housing units built, jobs created, emissions reduced) and stories of lives changed for every investment

Asset Class	Example Products	Retail	Accredited
Cash	Account/deposit at community development (CDFI) banks & credit unions	●	●
Fixed income	Debt investment in impact notes/securities	●	●
	Loan to a community development (CDFI) loan fund		●
	Debt investment in microfinance or small/medium enterprise fund		●
Private equity	Equity investment in a community development venture capital fund		●
Real assets	Equity investment in a community real estate fund		●
	Equity investment in a farmland or conservation fund		●
Direct investments	Reduce harm & risk, improve corporate practices		●
	Online crowdfunding into community businesses and projects	●	●

Investment Considerations:

- ➔ **Risk:** Many impact investments have exposure to underserved and emerging markets, and therefore it is very important to evaluate the risk management process and track record of managers.
- ➔ **Return:** Impact investments offer various financial returns depending on the investor's and product's strategy. These range from risk-adjusted market rates to concessionary returns for more catalytic impact.
- ➔ **Volatility/uncorrelation:** Impact investments often have little correlation to changes in interest rates and stock market fluctuations. Most impact investments did well during the 2008 housing and financial crisis, as they represent affordable housing and critical services that are often considered more defensive assets where demand might even increase in a recessionary environment.
- ➔ **Performance:** Given the diversity of structures and approaches, as well as the uncorrelation, some impact investments don't have accepted financial benchmarks. That said, investors consistently see them as performing in line with expectations, with many managers having long track records of doing so.



Get Started Today

Calvert Impact Capital is dedicated to growing the number of faith-based impact investors and expanding the impact investing community. We develop resources and offer trainings to support faith investors and their financial professionals along their impact investing journeys.

We're here as a resource and look forward to connecting:

Amanda Joseph

Director of Faith-Based Initiatives

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Learn more:

calvertimpactcapital.org/faith →



Calvert Impact Capital makes impact investable. We've helped over 18,000 investors and hundreds of advisors get involved in impact investing through our Community Investment Note®, Syndications Services, and more.

We work in close collaboration with many partners also committed to educating faith investors about impact investing, including those listed below. Please consider these organizations as important resources as well:





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NO INVESTMENT ADVICE

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INVESTMENT RISKS

There are risks associated with investing in securities. Investing in stocks, bonds, exchange traded funds, mutual funds, and money market funds involve risk of loss. Loss of principal is possible. Some high-risk investments may use leverage, which will accentuate gains & losses. Foreign investing involves special risks, including a greater volatility and political, economic and currency risks and differences in accounting methods. A security's or a firm's past investment performance is not a guarantee or predictor of future investment performance.