

Catholic Impact Investing Collaborative (CIIC)

March Community Forum

Growing Your Impact Investing Portfolio: Returns, Roadblocks, and Catholic Mission



Friday, March 25th, 2022 at 1 PM CST/2 PM EST

CIIC is excited to announce our **March Community Forum**, part of an ongoing series of webinars focused on a specific issue area for CIIC community members to engage in open dialogue, exchange resources, and identify opportunities for mutual learning and collaboration.

Catholic investors encounter many considerations to build or grow their impact investing portfolio, such as aligning mission, achieving social impact, and seeking financial returns. This open discussion will identify successful approaches that Catholic investors have taken to further their impact investing journey - including processes of establishing governance, aligning investment policy statements, and navigating challenges to implementation.

This webinar was originally broadcast on Friday, March 25th, 2021, and [you can find a recording here](#).

Our Speakers will be:

- **Bryan Pini**, President & Chief Investment Officer, Mercy Investment Services
- **Sr. Sue Ernster**, Treasurer and Vice President, Franciscan Sisters of Perpetual Adoration (FSPA)
- **Jim Mahoney**, VP Investments, Bon Secours Mercy Health

WHO WE ARE

By sharing our experience and celebrating our Catholic faith & values, we seek to expand the use of wealth in service to people & planet.

The **Catholic Impact Investing Collaborative** (aka **CIIC** - pronounced “seek”) was established in November 2014 as an informal “neutral space” for people to come together, share a meal and stories, and build relationships based on their spiritual as well as financial commitment to Impact Investing. Our goals are to share stories, build relationships, foster collaboration, and grow the Catholic Impact community, while leaving room for the Holy Spirit.



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Bryan Pini is the president and chief investment officer of [Mercy Investment Services](#), the investment management program for the Sisters of Mercy of the Americas and its ministries. MIS works for systemic change in the areas of non-violence, racism, environment, concern for women, and immigration through socially responsible investing. The organization's multifaceted approach includes corporate engagement, proxy voting, portfolio screening, and impact and community investments, maximizing its effect on the community, nation and world.

Sr. Sue Ernster serves as the Vice President and Treasurer of the [Franciscan Sisters of Perpetual Adoration \(FSPA\)](#). Sue has served the congregation as treasurer since 2013 and then was elected to leadership in 2018, currently holding both positions. FSPA has been investing through the lens of SRI for decades, engaged in shareholder advocacy, and is amplifying the impact investing efforts to align with Pope Francis' dream of amplifying the solidarity economy.

Jim Mahoney is Vice President, Investments, at [Bon Secours Mercy Health](#), a large nonprofit Catholic health system with \$12 billion in assets under management. He is responsible for leading the investment team in running the ministry's operating, retirement plan and captive insurance portfolios. Jim oversees investment manager due diligence, vendor management, investment strategy development, investment operations, the ministry's ESG/SRI activities, and supports the health system's Strategic Innovation Fund.

Defining Impact Investing

Jim - When we started impact investing, our first investments were in environmental impact and we weren't sacrificing financial returns. A decade later, we formalized impact investing through our investment policies. The journey took years, but was reflective of the time because the phrase wasn't used commonly back then. Today, people shouldn't be discouraged - there is a faster on ramp to become involved than there was 10 years ago.

Sr. Sue - We started our impact investing journey in 2018. Pope Francis was calling for the [Economy of Francesco](#), and we started looking at how we could build a solidarity, Franciscan economy. Impact investing allowed us to use our finances to amplify our mission and have the greatest impact. As we embark on this journey, we are looking at what is greater - the social impact or the financial return? If everything is equal, we go for impact.

Bryan - The Sisters of Mercy have a long history with impact investing. We recently celebrated the 25th anniversary of [Mercy Partnership Fund](#), which provides below-market rate investments to mission-driven organizations and projects that provide high social and environmental impact. Since our founding in 2010, Mercy Investment Services has been challenged by the Sisters to direct more capital to those most in need to achieve certain social and environmental outcomes. We initiated aggressive plans to grow Mercy Partnership Fund and create a new market-rate impact portfolio to ensure our investments

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were supporting the mission of the Sisters of Mercy. In 2016, we created the [Environmental Solutions Fund](#), a private equity program investing in companies focused on renewable energy, energy and water efficiency, materials recycling, green buildings and sustainable agriculture. We are currently in the process of creating the Inclusive Opportunities Fund to direct market-rate capital to women, people of color, and other disenfranchised groups that have been shut out of traditional capital markets.

Implementation & Structure

Jim - Bon Secours Mercy Health has a strong desire to align its mission across all elements of the organization. Our Socially Responsible Investing (SRI) policy goes all the way up to our Board of Directors, and we work with our Pension Investment Committee to help shape our policy over time. We also have a SRI working group that brings in other leaders in Advocacy, Government Relations, Community Health, and Mission. We have had impact investing as part of our policy for many years, but last December we established a 2.5% long-term target to impact investments with the goal to continue to grow. To those earlier in their journey, it should be an incremental process. All components of our SRI program (advocacy, direct community investments, social screening, ESG, and impact investing) evolved over time.

Bryan - Our impact investing work has a dedicated asset allocation within the portfolio and we are always looking to increase that amount. Incrementalism is key. Mercy is working towards a 3% concessionary allocation through Mercy Partnership Fund, an increase from 1%. The Environmental Solutions Fund comprises more than 50% of our market-rate private equity portfolio. The key is to figure out your organizational gifts (shareholder engagement, proxy voting, ESG or impact investing) and concentrate your efforts on doing that well; before you know it, you'll be asking yourself "what more can we do to help those in need?" It is important to have the buy-in from the top down and make sure you have the right people around the table who understand the mission and charism of the organization, whether it's staff, volunteers, or investment consultants. Too often individuals limit their discussion in terms of expected financial returns, prudence and risks, but fail to ask "can we accept more risk based on what we are hoping to accomplish?"

Sr. Sue - We are still figuring out our governance structure. There is a small committee of congregation members that looks at private market investments alongside a retired financial advisor, though we are looking to bring in additional consultants to help us with our finances. We already do SRI screening with our publicly traded portfolio managers, but we've found there are not many publicly traded Catholic Social Teaching (CST)-aligned opportunities which is something we hope to do more of.

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Investment Themes

Bryan - When we started building a private equity portfolio in 2016, we chose to focus on the environment. As we attempt to address global climate change and repair our Common Home, significant amounts of capital will be needed to address these exciting environmental opportunities with attractive market-rate returns. If you're looking to begin impact investing, narrow your focus to build upon your organization's charism.

Jim - What's the piece of impact that most aligns with your mission? Because we're a health system, the social determinants of health are a big focus, including financial inclusion, affordable housing, etc. Below-market-rate impact investments and CDFIs allow us to focus on markets where we have hospitals to drive impact specifically in these geographies.

Sr. Sue - Our investment areas are related to our charism. As part of our 2018 assembly mandate, we outlined three main areas. The first is bridging the equity gap and unveiling our white privilege, so our investments focus on those who have been disempowered. The second is building bridges of relationship to stretch us to be people of encounter who stand with all suffering in our earth community, like political and environmental refugees. The third focus is through joyful, gospel living to be transformed in love and goodness for community and mission. We recognize we can't do everything for everyone, so we need to hone in where we can and trust that others will fill the gaps that we aren't able to fill.

Resources & Advice

Sr. Sue - We were part of the Livable Futures Workshop with the [Francesco Collaborative](#) where we met CIIC. What has been really helpful for those that are newer in the space has been the willingness of those involved to share their perspective on potential investment opportunities. It's been a gift to have like-minded investors share the knowledge they have.

Bryan - Find groups of like-minded investors to work with! The more you can share the better. If the consultant you are working with says this can't be done, it's time to look for a new consultant. With as many market-rate options that investors have today, there's no reason to forgo investment returns for impact, unless that is an organization's intention.