



OIP INVESTMENT TRUST
GUIDED BY FAITH

SRIC

Socially Responsible Investment Coalition

April 24, 2019

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Organization of Material

- Part One: Context
- Part Two: Evolution- Public Markets
- Part Three: Evolution- ESG and Private Markets
- Part Four: Evolution- UN SDG's and Private Markets
- Part Five: Examples- Concessional/ Impact
- Part Six: Additional Questions/ Caveats

Every perspective on economic life that is human, moral, and Christian must be shaped by three questions:

- What does the economy do *for* people?
- What does it do *to* people?
- And how do people *participate* in it?

(*Economic Justice For All*, 1986, § 1)

Part One: Context- US Catholic Background- 1986

- Every economic decision and institution must be judged in light of whether it protects or undermines the dignity of the human person
- Human dignity can be realized and protected only in community
- All people have a right to participate in the economic life of society.
- All members of society have a special obligation to the poor and vulnerable.
- Human rights are the minimum conditions for life in community.
- Society as a whole, acting through public and private institutions, has the moral responsibility to enhance human dignity and protect human rights.

(Justice for All, 1986, § 16 – 18)

Part One: Context- Justice For All (1986)

Church/Individuals as Shareholder and Investor

"Individual Christians who are shareholders and those responsible within church institutions that own stocks in U.S. corporations must see to it that the invested funds are used responsibly. Although it is a moral and legal fiduciary responsibility of the trustees to ensure an adequate return on investment for the support of the work of the church, their stewardship embraces broader moral concerns. As part owners, they must cooperate in shaping the policies of those companies through dialogue with management, through votes at corporate meetings, through the introduction of resolutions and through participation in investment decisions. We praise the efforts of dioceses and other religious and ecumenical bodies that work together toward these goals. We also praise efforts to develop alternative investment policies, especially those which support enterprises that promote economic development in depressed communities and which help the church respond to local and regional needs. When the decision to divest seems unavoidable, it should be done after prudent examination and with a clear explanation of the motives."

(Economic Justice for All, § 354)



Three Core Imperatives:

- *Do no harm (avoid evil)*
 - *Screening out (Not Invest)*
 - *Disinvestment (When Invested in harm, sell or leave)*
 - *Active Corporate Participation*
 - *Proxy Voting*
 - *Shareholder Resolutions and Dialogue*
 - *Positive Strategies ("Promote the Common Good")*
 - *Proactive Screening (ESG Principles)*
 - *Impact Investment ("Targeted Objectives for Common Good")*
- Principles for USCC Investments, USCC, Nov. 2003, § 3)*

Part Two: Evolution- Public Markets

- Initial Focus
 - Developing Screens
- Transitioned to Advocacy
 - Voting Proxies
 - Active Engagement
 - Shareholder
 - Dialogues

Catholic Coalitions including Texas CRI (SRIC)

Collaboration with other faith based groups (ICCR US/ TCCR Canada)

Collaboration with civil society institutions with similar concerns



Part Two: ProActive Investment- Public Markets

- Movement from merely screening out objectionable investments to basing investment decisions on positive evaluation of the ESG characteristics of a company
 - Either globally- choose investment opportunities based on those with best ESG scores
 - Or by Sector- identify the ESG criteria most relevant to a particular sector and focus investment on companies within the sector that have the best ESG score on the relevant criteria

Part Three: Evolution – Private Markets- ESG

- Private Markets (Context)
 - Private Equity
 - Buy Out
 - Venture
 - Life Science
 - Technology
 - Infrastructure
 - Private Debt
 - Distressed Debt
 - Mezzanine Debt



Part Three: Evolution- Private Markets- ESG

- Apply ESG Principles to the Investment Plan
 - Supply Chain Issues
 - Environmental Issues
 - Labor Issues
 - Community Issues
- Broadens the Focus on the Investment Plan with evaluation of output
- Example (8 Miles- Africa Focused- specific ESG goals that morph into Impact)
- Prior to Exit (Follow Through)



Part Four- Evolution- SDG's and Private Markets

- UN Sustainable Development Goals (Millennium Goals)
- [GOAL 1: No Poverty](#)
- [GOAL 2: Zero Hunger](#)
- [GOAL 3: Good Health and Well-being](#)
- [GOAL 4: Quality Education](#)
- [GOAL 5: Gender Equality](#)
- [GOAL 6: Clean Water and Sanitation](#)
- [GOAL 7: Affordable and Clean Energy](#)
- [GOAL 8: Decent Work and Economic Growth](#)
- [GOAL 9: Industry, Innovation and Infrastructure](#)
- [GOAL 10: Reduced Inequality](#)
- [GOAL 11: Sustainable Cities and Communities](#)
- [GOAL 12: Responsible Consumption and Production](#)
- [GOAL 13: Climate Action](#)
- [GOAL 14: Life Below Water](#)
- [GOAL 15: Life on Land](#)
- [GOAL 16: Peace and Justice Strong Institutions](#)
- [GOAL 17: Partnerships to achieve the Goal](#)

<https://sustainabledevelopment.un.org/content/documents/21252030%20Agenda%20for%20Sustainable%20Development%20web.pdf>

https://www.undp.org/content/dam/undp/library/corporate/brochure/SDGs_Booklet_Web_En.pdf



Part Four- Evolution- Private Markets and SDG's



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|--|--|--|--|--|--|
| 1 NO POVERTY | 2 ZERO HUNGER | 3 GOOD HEALTH AND WELL-BEING | 4 QUALITY EDUCATION | 5 GENDER EQUALITY | 6 CLEAN WATER AND SANITATION |
| 7 AFFORDABLE AND CLEAN ENERGY | 8 DECENT WORK AND ECONOMIC GROWTH | 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE | 10 REDUCED INEQUALITIES | 11 SUSTAINABLE CITIES AND COMMUNITIES | 12 RESPONSIBLE CONSUMPTION AND PRODUCTION |
| 13 CLIMATE ACTION | 14 LIFE BELOW WATER | 15 LIFE ON LAND | 16 PEACE, JUSTICE AND STRONG INSTITUTIONS | 17 PARTNERSHIPS FOR THE GOALS | |



Part Four: Evolution- Impact- Private Markets and SDG's

- Focus on investments to attain or advance the SDG's

- Category 1: Concessional

Investments that target specific SDG goal attainment through investment- prioritizing the goal over financial return (accept a more modest financial return)

- Category 2: Market Rate Return

Investment that target specific SDG goal attainment through investment that also seek market rate of return

Market Rate of Return: Return expected from similar investments in the particular asset category



Part Five: Examples- Concessional

- Shared Interest- <https://www.sharedinterest.org/>
 - A consistent performance record of sustainable impact through investment returns, strengthened institution and poverty reductions for individuals.
- MicroVest <https://microvestfund.com/wp-content/uploads/2018/07/MicroVest-Social-Impact-Report-2018-Final.pdf>
 - Microvest made is on the ImpactAssets50 list for the 7th year in a row. The IA 50 is the first publicly available impact investing database that makes it easy to identify experienced and reputable managers in the space.
- Pontifical Mission Society through Missio Invest (Africa- to develop church owned land into incoming producing land for ministry and formation in Africa)

IA 50 list:(Includes both concessional and market rate)

https://www.impactassets.org/publications_insights/impact50



Part Five: Examples – Market Rate Impact

- Fund of Funds (Diversification)
 - Ascension Asset Management has completed two Impact Funds (each 50 million) and will be raising a third
 - Morgan Stanley Climate Impact Solutions Fund (fostered by the Dominican Sisters)- both Fund of Funds and Focused (Direct investment)- responding to Laudato Si & SDG §7
 - Neuberger Berman- Private Equity Impact Fund- focus all SDG's
 - KKR Global Impact Fund
- Direct Funds (Focused)
 - Silverlands II (African Opportunistic Agricultural)
 - Elevar (India/ Latin America- Education, Micro Finance)
 - Inspired Evolution (Clean Energy – Resource Efficiency, Africa)
 - WRB Serra (Clean Energy- Caribbean and Latin America)



Part Six: Additional Areas

- Other Considerations
 - Adherence to Negative Screening Criteria
 - Out Put vs. Outcomes
- Impact Investment three stages:
 - Philanthropic- Grant- no specific financial return expected or sought- many times for initial phases and/or administration of small funds so as to be able to foster a competitive management fee
 - Concessional Returns
 - Market Rate Returns
- Quasi Impact Investments- market rate where part of the object is SDG related and part note-
 - Ex. Life Science Funds; Infrastructure Funds



Part Six: Caveats

Many products (public/private) use the word “Catholic”

- Is it possible to be Catholic with just screening using USCC criteria? - Nov 2003

- Is it possible to be an ESG sensitive product and not “Catholic”

- Are all impact efforts “Catholic”

¿ Is there still a need for negative screening in private market impact/ESG investing?

- Role of “side letters”



Part Six: Caveats- Common theme of statements

The purpose of the economy (market) is to serve

- Common good
- Human advancement
- Generational Perspective (Effect on Future)

It is not the purpose of humanity to serve maximization of profit in the short term

Examples:

- Laborem Exercens (1981)- Role of the Economy, human dignity and work;
- Laudato Si (2015)- Human Ecology, Climate Change;
- Centesimus Annus (1991); Sollicitudo Rei Socialis (1987); - not a third way but a set of values applied to any system



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