

FAITH-CONSISTENT INVESTING AND SMALLER ORGANISATIONS

Implementing faith-consistent investment
programmes with limited resources



March 2023

Executive Summary

This paper explores the challenges faced by smaller faith organisations – those under \$100m in assets under management, and often well below that amount. These challenges arise when the very limited resources of small plans are stretched to meet the significant requirements for creating unique, customised investment programmes that reflect a faith's values, and when trade-offs must be made between investment efficiency and customisation for faith-driven priorities.

We briefly review three critical elements required by faith organisations attempting to establish faith-aligned investments. They are:

1. Creating the connection between faith values and investment portfolios
2. Having adequate resources and/or capacity for action
3. The availability of viable and effective investment products.

This paper will focus on the second of these challenges.

Operationalising faith values in an organisation's investment programme requires adding a new level of complexity to the already demanding job of managing risk and return. But many faith assets are not held in large, centralised investment pools, instead they are often relatively small, with limited resources, presenting challenges.

The paper identifies six distinct challenges faced by smaller faith organisations

1. The greater oversight requirements of FCI
2. The need for customised versus off-the-shelf solutions to address unique faith-values
3. The uniformity of commingled pools
4. The need to apply FCI across multiple asset classes, including impact investments
5. The resources required for engagement activities
6. The education and support required for greater FCI participation by the faithful

The paper describes several potential solutions to the challenges cited above, including outsourced chief investment officer services, consultants, and networks, and subsequently provides several examples.

Setting the Stage: FaithInvest's Experience & FCI Challenges

FaithInvest's mission is to increase the level of, and commitment to, faith-consistent investing (FCI) globally by all faiths. Since we are a relatively young organisation, we have spent a great deal of time learning about the various bottlenecks and challenges that keep the faiths from reflecting their beliefs, teachings and values (or simply "values" from hereon) in their own investment activity. We have focused on three challenges we see as critical. They are: connection between faith values and investment portfolios, resources or capacity for action, and availability of viable and effective investment products.

FCI begins when religious leadership recognises the importance of expressing a faith's values in its financial investments. This then leads to a process by which a faith's values are translated into actionable investment policy and guidelines, governance and communications (collectively, the investment foundations on which faith values rest), and ultimately to investment mandates and portfolio allocations.

FaithInvest works hard to encourage FCI leadership within faith groups through our Movement-building initiatives, which support the efforts of faith leadership to encourage education, collaboration, and prioritisation of FCI, based upon the explicit values of a faith, such as on environmental or social justice issues. FaithInvest also works with individual faiths and faith groups through our Investment Solutions team to provide guidance on, and resources for, *implementing* FCI in their investments. We have previously published thought pieces that address one of the foundational stages of FCI, most notably, [*From Faith Values to Investment - A guide to faith-consistent investment policy and guidelines for institutional faith-based asset owners*](#).

Once faith values are made explicit and prioritised within a faith's investment foundations, the focus moves to the investment team and executing on these directives. Such execution can quickly get complex, requiring specialised resources and knowledge, expertise that is often difficult to find or unaffordable for smaller faith groups. FaithInvest has begun to work with various providers to support smaller groups – defined here as faith-based asset owners with US \$100 million or less – with this task, and it is this particular challenge that is the subject of this paper.

Regarding the third challenge of FCI implementation cited above, the availability of viable and effective investment products – faiths may need highly specialised portfolios to meet their unique FCI focus – we will be writing about this challenge in a future paper.

The challenges of scale in fragmented faith-asset pools

Operationalising faith values in an organisation's investment programme requires adding a new level of complexity to the already demanding job of managing risk and return. Including such faith values also requires specialised knowledge and careful governance. Even the largest and most sophisticated investment organisations must add specialised resources in order to fulfil this mission.

Many faith assets, however, are not held in large, centralised investment pools with vast dedicated resources. FaithInvest has found that the investment plans of many faith organisations are relatively small and often use investment pools that may be geographically focused, functionally focused or set up for the needs of specific faith groups. This kind of approach creates hundreds or even thousands of smaller individual investment programmes – ranging anywhere from \$100 million in assets under management (AUM) down to well under one million – with typically smaller oversight teams assigned to manage them. Think about the challenges we've seen:

- ❖ First, any FCI effort is in addition to the already significant responsibilities of overseeing an investment programme. Each step – from asset allocation to manager selection to monitoring and reporting now takes on the additional nuances of FCI. In our experience, many smaller faith plans rely on exceedingly small staffs (staffs that often handle investment decisions alongside other general administration and finance responsibilities) and governance or oversight groups with limited investment expertise.
 - As an example, picture a faith group whose teachings emphasise social equity and fairness. Such a group may set goals to avoid investments in companies which treat employees or customers or societies where they operate poorly and increase investments in companies that offer leadership in fair treatment of everyone they impact. The investment staff must now decide how to execute these guidelines: which asset classes should be impacted? Can existing managers implement these guidelines or are new managers needed? And how aggressively can/should this mandate be implemented if it has potential to change the risk/return aspects of the current portfolio? All complicated questions that require time, effort, and expertise.
- ❖ Second, the nature of FCI is to require tailoring to each faith's specific values; often, individual groups within a single faith may want their own, differentiated emphasis or prioritisation. "Off-the-shelf" solutions – usually developed for secular clients – may not meet the specific FCI needs. The development of tailored solutions requires an

additional (and significant) resource commitment to work with various asset managers and refine portfolios; it also requires an even higher level of expertise.

- To take a very specific example, we have worked with a few religious groups whose main emphasis is on refugees. It is unlikely that any off-the-shelf product will be similarly focused – and it is equally unlikely that a small faith group would have the skills, resources, or gravitas to work with an asset manager to create such a portfolio.
- ❖ Third, smaller plans (whether secular or religious) often invest through commingled vehicles; such vehicles are often the only cost effective and/or available option for small investors. A commingled vehicle (eg, mutual fund) usually allows no tailoring – it is, by design, “one size fits many”. Expressing one faith’s specific FCI preferences becomes impossible in a commingled vehicle.
 - The most standard option in many asset classes is a passive fund – which replicates some benchmark cheaply and simply. Small plans choosing passive exposure (which is a logical choice for a plan with limited investment resources) usually choose a commingled vehicle (perhaps a mutual fund in the US or a multi-client UCIT in Europe) which offers low fees and simplicity. But such multi-client structures cannot be tailored to each client’s needs – which creates a tension between basic investment needs and FCI requirements.
- ❖ Fourth, most modern investment programmes are “multi-asset-class” – meaning that they often invest in stock, bonds, real estate and, potentially, private equity, farmland, timberland, commodities, and so on. A full-scale FCI programme should address and inform each asset class held – requiring more work, more decisions, and more expertise. Many FCI programmes have a goal of implementing Impact Investing and most define impact investing as investing in private investments (eg, private equity or private debt) – highly specialised asset classes not usually held in portfolios of small organisations.
 - Some of the most dedicated FCI efforts will try to go one step further and invest directly in “solutions” to their key focus points. For example, we have seen some efforts to invest directly and locally in affordable housing projects. Such investments imply an internal ability to “do deals”, then monitor and oversee them – another huge challenge for a resource-constrained plan.
- ❖ Fifth, FCI usually implies many non-investment activities such as shareholder activism or engagement; active proxy voting, participation in coordinated efforts to influence

both company managements and regulators, etc. Once again, this is a set of activities requiring specialised resources and a very faith-specific emphasis and format.

- In larger investment plans, the staff spearheading engagement are, by design, not investment people because the skill sets needed are often very different. This implies, once again, not only additional expertise and staff but, also, more coordination as investment decisions impact “engagement” and vice versa. Additional resources would also be required to engage with and monitor any outsourced support for engagement from groups such as the ICCR.
- ❖ Finally (last but certainly not least) come “the faithful”. At FaithInvest we think of the faithful as the ultimate amplification of FCI – if all the faithful invested their assets in line with their faith values, the impact could, indeed, be significant, and this is one of the goals of Faithinvest’s movement-building efforts. But to achieve this requires education, support, and special purpose investment vehicles. Quite a big ask for even a large organisation and probably impossible for smaller groups.

So how does one find solutions to such challenges? As outlined above, FCI *fully implemented* requires expertise and staff – beyond the typical capabilities of many small plans. In order to move forward, we could, conceptually, make a few big plans out of many smaller plans; we could somehow create “leverage-able” FCI (and investment) resources that can be used across many smaller plans. We discuss just how this is done in more detail below; but beware, regardless of how one tries to accomplish this, an inherent conflict is created, as each small plan has its own unique needs and considerations. How do you share resources while remaining true to each plan’s specific needs and intentions? Or, said differently, from an investment *provider’s* point of view, if one needs to address multiple unique needs, can one really combine groups efficiently? Each solution, or example, below makes a different trade-off between efficiency and faith-driven specificity.

Looking for Solutions

FaithInvest was one of the first multi-faith global organisations to engage the challenges of smaller faith organisations pursuing FCI, and helpfully *some* solutions exist today. These can range in style, complexity, and cost:

- **Outsourced Chief Investment Officer (OCIO) Platforms.** An OCIO provider takes over all the decisions your own Chief Investment Officer and his/her team would make – in most cases as “a” or “the” fiduciary. An OCIO allows all clients to share the resources and expertise of a centralised and specialised team while retaining the ability to tailor towards each client’s specific needs. OCIO services can range from

extremely tailored to reasonably standardised; they can be offered by commercial or not-for-profit entities; and, despite making most of the decisions for an asset pool, they still require governance and oversight from their clients (the organisations using them). For optimal effectiveness, the OCIO platform should share, or at least be very familiar with, the basic investment and FCI priorities of the faiths it serves and focus on a group of clients who overlap in most of their preferences. OCIO services in the faith arena are often offered by the larger groups of a particular faith to both support smaller groups and to leverage the expenses of managing their own general funds within that faith. However, we've been somewhat surprised at how few cost-effective OCIO options there are for smaller faith asset owners, particularly as this has the potential to address many of the challenges noted above (though this varies by country – the charity investment management segment in the UK is a notable exception).

- **Consultants.** A consultant could, potentially, bring all the capabilities and expertise of an OCIO provider but only advise; consultants do not necessarily implement their recommendations by doing the actual investing. Consultants can make recommendations on anything from asset allocation to specific FCI implementation issues – but the clients of the consultant still need to make the final decision on each issue. Most consultants are commercial for-profit entities – but some specialise in helping not-for-profits or faith organisations and try to price accordingly. Like OCIO platforms, consultants create efficiency by spreading their work across multiple clients – for that to work, the clients must be more aligned. Usually, consulting services are less expensive than OCIO for similarly tailored strategies – but require more work and legal responsibility on the faith organisation's side.
- **Consortiums and Networks.** These can take on many shapes and sizes, but the basic concept is to guide multiple small groups along a particular FCI focus. A consortium may produce any or all of the following: products specific to the groups' needs; forums for advice, and support or consultation (across multiple consortium members) on specific issues. Generally, a consortium offers the least tailored and least personalised solution and requires that most of the effort remain with the members; consortiums also usually offer the cheapest solutions. Consortiums are more common in faiths where larger investment pools are rare and there is, therefore, no natural leadership with ample resources. While helpful in providing information and guidance, potentially opportunities to coordinate activity and leverage resources, and often free or de minimus in cost, this may be the least directly impactful to the most “needy” faith asset owners.

And how might these options work in real life? Below we have four case studies to give you a bit of flavour for the availability and functionality of some of these options. These represent:

1. A single-faith-focused investment management and OCIO provider (*Methodist and multi-denominational*)
2. A single-faith *network organisation* (*Jewish*)
3. A faith-based investment management and OCIO provider (*multi-faith, Catholic Social Teaching based*)
4. A single-faith Impact Investing *support network* (*Catholic*)
5. A non-profit-focused OCIO services provider (*multi-faith*)

IMPORTANT: Inclusion of these case studies does not constitute a recommendation of any firm cited nor FaithInvest adherence to or affiliation with any specific faith group. Before you delve into these case studies, please read the full disclosure on page 16.

Solutions That Work – Case Studies

Case study #1: Single-faith investment & OCIO provider

Wespath Institutional Investments

Providing not-for-profit institutions access to globally diversified investment programmes and Outsourced Chief Investment Officer (OCIO) services

Description	<p>Wespath Institutional Investments (WII) is a subsidiary of Wespath Benefits and Investments (Wespath) based in Glenview, Illinois.</p> <p>WII's Outsourced Chief Investment Officer (OCIO) service offering provides investment solutions for faith-based institutional investors, including foundations, children's homes, older adult facilities, higher education institutions and healthcare organisations.</p> <p>WII offers diversified global exposure to its world-class investment managers through a suite of daily priced funds. Its investment process proactively incorporates the consideration of environmental, social and governance (ESG) factors into investments across asset classes and in the selection of external asset managers.</p>
Scale	\$24B in assets (overall at Wespath, \$4B OCIO only); > 140 clients; 22 investment professionals
FCI Philosophy	<p>Wespath shapes its investment programme with the future in mind using a Sustainable Economy Framework that promotes:</p> <ul style="list-style-type: none"> • Long-term prosperity for all • Social cohesion

	<ul style="list-style-type: none"> Environmental health <p>The firm uses a set of actions – invest, engage and avoid – to proactively contribute to this Sustainable Economy Framework.</p>
Investments	Wespath selects leading external asset managers to manage equity and fixed income funds and then engages with the asset managers to combine the FCI focus (above) into the investment process. Wespath works with each individual client to create asset allocations in to best meet their specific goals and mission.
Related Services	Wespath offers full engagement, proxy voting and industry/regulatory participation as services aligned with its portfolios
Fees and Minimums	Wespath’s minimum account size is flexible and negotiable, fees average around 30bps and are additive to the fees of underlying managers that average 25-30 bps

SYNOPSIS: Wespath was created in 1908 to oversee the assets pools of what is now The United Methodist Church (UMC). Wespath and its subsidiaries maintain one of the largest faith-based pension funds in the world, serving approximately 100,000 active and retired clergy and lay employees. Wespath also provides retirement benefits and offers group health and well-being plans.

Wespath was a pioneer in adopting FCI and decided to offer its unique investment approach and engagement services to other FCI-aligned not-for-profits with the goal of supporting FCI efforts and defraying the costs of its investment platform across a larger asset pool (NOTE that Wespath is a not-for-profit organisation). Today, Wespath and WII have multiple funds spanning fixed income and equities, all managed by external managers; these funds allow clients to gain specific exposure to one or more asset classes or assemble a solution tailored to their own risk/return needs by combining the various offerings. Wespath also emphasises its comprehensive engagement programme which includes corporate engagement, aligned proxy voting and a very visible role in the “sustainable investment community” broadly defined.

Case study #2: Single-faith network organisation

JLens Investor Network

Promoting Jewish values in investing

Description	<p>JLens explores a Jewish lens on investing and serves as the bridge between the Jewish community and the values-based impact investing movement.</p> <p>JLens conducts investor advocacy on behalf of Jewish communal concerns with the world's largest companies.</p>
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	JLens aims to ultimately inspire the alignment of 100% of Jewish communal investment capital with Jewish values to achieve positive impact.
Scale	\$ 175MM in assets; > 50 clients including 30 Jewish institutional investors
FCI Philosophy	<p>JLens provides an investment strategy, active advocacy strategies and community engagement to promote investment along Jewish values. JLens focuses on six values from Judaism's framework of mitzvot (obligations):</p> <ul style="list-style-type: none"> • Obligation to Coexistence • Obligation to Society • Obligation to the Worker • Obligation to the Environment • Obligation to Ethical Business • Support for Israel
Investments	<p>Since 2015, many Jewish institutions have invested in JLens' Jewish Advocacy Strategy US, the only investment aligned with Jewish values that conducts investor advocacy with 300 powerful US companies on Jewish communal concerns.</p> <p>The Strategy follows a rigorous process: screen out values-unaligned sectors (eg, tobacco, for-profit prisons, coal); limit irrelevant sectors (where Jewish advocacy will have minimal impact); evaluate and score the remaining companies along the values above; engage and advocate with companies to improve low scores.</p> <p>JLens also created and maintains the Jewish Values Global Index: a rules-based index that aims to capture the gross total return performance of the largest global public companies that are listed on major US and foreign exchanges and that are relevant to Jewish communal values and advocacy.</p>
Related Services	JLens spends the majority of its resources on shareholder advocacy through corporate engagement and working in coalition with other values-based investors. JLens also support its investor network and the wider Jewish community.
Fees and Minimums	JLens has standard agreements with two managers for separate accounts which implement the Jewish Advocacy Strategy. Fees range around 20- to 30-basis points and minimum account sizes are \$250K for one manager and \$2MM for the other.

SYNOPSIS: JLens was created in 2012 specifically to meet the needs of the US Jewish community which may be the least centralised of the major faith communities in the West. Unlike Wespath, JLens had no initial sizable pool around which to build an FCI infrastructure, so JLens focused its attention on creating an investment strategy (capturing Jewish FCI beliefs), and a very comprehensive and visible engagement programme. The Jewish Advocacy Strategy is designed to be broad, rigorously FCI-oriented, inexpensive, and a first step for Jewish values-based investors. JLens does not offer a complete suite of products nor is it in a position to tailor solutions to specific needs – but it does offer an active community which can share challenges and solutions. JLens excels in engagement and can point to many constructive engagements with positive results.

Case study #3: Faith-based investment management and OCIO provider

Anthos Fund & Asset Management

Providing asset owners access to globally diversified, third party-managed, investment programmes and balance sheet solutions (OCIO services) with a clear responsible and impact orientation.

Description	<p>Anthos Fund & Asset Management (Anthos) offers select like-minded investors trustworthy advice and holistic values-based asset management solutions, accessing the best managers globally to outperform while contributing to the common good.</p> <p>For almost a century, Anthos has invested both to secure long-term financial returns and to be a ‘force for good’. Anthos is established by a sixth-generation family of entrepreneurs, who recently decided to open their investment platform and allow like-minded clients to invest alongside to collectively create more impact through investing. Anthos is a values-based asset manager which uses values, based on the principles of Catholic Social Teaching for its responsible and impact investment, seeking strong outcomes for its investors. The firm offers access to investment funds across equities, fixed income, real estate, private equity, absolute return, and multi-asset impact to create ‘all-weather’ portfolios that do well and do good. The firm also provides values-based OCIO solutions for the complex, long-term needs of investors.</p>
Scale	<p>Anthos opened its doors to outside organisations in 2021 and is currently offering its solution-driven services and strategies to approximately 20 clients across Europe with interest from other continents. Anthos co-creates investment solutions with smaller like-minded asset owners for them to capture synergies and economies of scale.</p> <p>Anthos has 60 staff working remote or from Amsterdam of which half are considered investment professionals.</p>
FCI Philosophy	<p>Anthos offers values-based OCIO services using its experience for structuring portfolios and selecting externally managed strategies with specific Faith based elements, ESG combined with financial merit.</p> <p>Anthos does not impose its values on others – the firm would like to get to know each client in order to better understand their beliefs and then translate these into the right solution, without compromising on investment requirements or financial outcome.</p> <p>Three values form the base of Anthos’ investment process for creating impact:</p> <ul style="list-style-type: none">• Sustainability: climate change and environmental pollution are among the biggest challenges in today’s world. By investing in companies that are actively improving their impact on the world, Anthos aims to preserve the planet for generations to come.

	<ul style="list-style-type: none"> • Human dignity: every person has value, is worthy of great respect and must be free from slavery, manipulation, and exploitation. To safeguard human dignity as a value Anthos uses, amongst others, the Universal Declaration of Human Rights and the UN Guiding Principles on Business and Human Rights as a minimum standard. • Good corporate citizenship: this translates into embracing Anthos' own corporate environmental and social impact, being a responsible investor, and aligning its investment process with its purpose and client values.
Investments	Anthos selects professional third-party managers to manage Equities, Absolute Return Strategies, Private Equity, Multi-asset Impact, Fixed Income and Real Estate portfolios that combine the FCI focus (above) with the investment process. Anthos works with each OCIO client to combine these strategies in a way that best meets their specific goals and risk appetite or allows clients to invest in specific funds and/or mandates.
Related Services	<p>In addition to OCIO Anthos offers values-based asset management services, implemented across various asset classes (described above), with the aim to generate financial outperformance and positive impact.</p> <p>Anthos's Multi-asset Impact Strategy can be seen as an innovative 'all-weather' strategy embracing all asset classes and educating clients that impact can be created within all asset classes and sectors.</p> <p>The creation of Partnerships (co-creation of strategies) is the basis for a long-term partnership with their existing and future clients.</p>
Fees and Minimums	OCIO clients have average Assets Under Management (AUMs) ranging between EUR 100 – 300 million. Anthos is flexible with regards to minimum sizes and also offers co-creation strategies for a number of like-minded asset owners with less scale. Fees are competitive and will reflect the ask from a client. Due to Anthos's size the underlying operational management fees are quite competitive.

SYNOPSIS: Anthos was created in 1929 to provide values-based asset management and advisory services to the Brenninkmeijer family entrepreneurs. An early adopter of sustainable investing and FCI (deep involvement with Catholic causes) Anthos emphasised that values-based investing and market-rate financial performance can and should go hand-in-hand. Anthos recently expanded its offering to outside parties on a for-profit basis – and the offerings are broader than most – especially in areas of impact investing and responsible and private investments.

Case study #4: Single-faith Impact Investing support network

Catholic Impact Investing Collaborative (CIIC)

A community for Catholic investors and partners to spread the word of Impact Investing through mutual learning and sharing best practices, resources and experiences

Description	<p>Mission: By sharing their experience and celebrating Catholic faith and values, CIIC seeks to expand the stewardship of financial resources in service to people and planet.</p> <p>Vision: To foster a world where capital is a transformative force for good, stewards the environment and enhances both equality and human dignity.</p> <p>The Catholic Impact Investing Collaborative (aka CIIC - pronounced “seek”) is the global convener of a trusted impact investing community with a uniquely Catholic identity, where learnings lead to action in allocating capital for a more just, equitable and sustainable world.</p>
Scale	<p>20 Asset Owner members in the US, Canada and Ireland</p> <p>39 Asset Owner pledge signatories in 7 countries and over \$40B in assets</p> <p>12 Financial Intermediary members</p> <p>Regular outreach to 900+ organizations globally</p>
FCI Philosophy	<p>Pope Francis challenged all to bold action, to “...redesign the economy so that it can offer every person access to a dignified existence while protecting and regenerating the natural world.” In response, CIIC seeks to equip and catalyse our community to go beyond the conventional finance system – and through investments that pursue intentional, positive and measurable impact, act always more decisively on the long-term agenda of systemic change.</p>
Investments	<p>Grounded in Catholic Social Teaching, CIIC offers a private deal-sharing platform and pitch sessions with peer-recommended and vetted private market impact deals, both with market rate and below market rate investment returns. CIIC provides an informal, neutral space where members can connect with peers, exchange insights, seek recommendations, share knowledge and best practices – and grow together in their impact investing journey using their assets as a force for good.</p>
Related Services	<p>Membership Program</p> <p>In September 2021, CIIC launched a Membership Program for Catholic asset owners and partners to connect, collaborate and accelerate the flow of financial resources toward investments that measurably contribute toward integral human development and an integral ecology in alignment with Catholic Social Teaching.</p> <p>Catholic Impact Investing Pledge</p> <p>In October 2019, CIIC launched the Catholic Impact Investing Pledge, an effort to galvanize the Catholic investment community to commit to take meaningful and accountable steps to incorporate impact investment into their portfolio in alignment with Catholic Social Teachings.</p>

	Resources CIIC offers Community Forums on various topics of interest and Catholic Impact Profiles, both channels to narrate why, when and how Catholic investors of various types have integrated impact investments into their portfolios.
Fees and Minimums	Who may be members of CIIC? <ul style="list-style-type: none"> • Catholic Asset Owners/Investors: Catholic religious institutions, foundations, colleges and universities, health care systems, family offices and other Catholic-affiliated organizations. • Financial Intermediaries: professional organizations supporting Catholic Asset Owners with advisory, consulting, research, investment management and other services helping them achieve their financial objectives and further their impact investing programs. <i>Membership dues for Catholic Asset Owners and Financial Intermediaries are \$3,000 per year payable upfront.</i>

SYNOPSIS: CIIC started as a casual gathering of like-minded investment professionals who wanted to share their experiences and learn from each other. Over time, CIIC has become a trusted community of Catholic impact investors, with asset owners seriously committed to putting money to work to further a just and equitable future in alignment with Catholic Social Teaching. This is done through sharing of investment opportunities, resources, and best practices to help investors move forward wherever they are in their journey; and through valuable peer relationships, which help Catholic investors learn from other asset owner leaders, committed values-aligned investment intermediaries, and partner FCI community stakeholders. CIIC members include congregations, foundations, healthcare systems and other nonprofits. The network continues to grow and develop, with plans to broaden its reach geographically and to different kinds of members.

Case study #5: Non-profit-focused OCIO provider

eCIO

Providing institutional-quality, low-cost OCIO and investment solutions to non-profits of all sizes, including faith organisations

Description	eCIO is an outsourced chief investment officer for non-profits, including religious organisations, that seek access to institutional-quality, low-cost investment solutions that help them further their missions. After spending decades managing investments for large endowments and foundations, the firm's investment leadership team serves as a fiduciary, bringing high-quality, low-cost investment solutions to non-profit organisations of all sizes.
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Scale	Over 60 non-profit clients across 24 US states, with \$100MM in assets under management. The firm's key investment professionals oversaw \$1B+ OCIO practice at eCIO's predecessor firm. Additionally, eCIO has a strategic partnership with a \$30B+ institutional consulting firm that provides access to a 20-person investment research team.
FCI Philosophy	eCIO believes that SRI/ESG-related decisions, including those that are faith-driven, should be client driven. The views of their non-profit clients can vary greatly, so the firm tailors its recommendations based on the specific priorities of each. eCIO's research team incorporates SRI/ESG factors into the manager review process and believes that it is a valuable risk management tool. Additionally, their research team believes that diversity is important to investment success, so they strive to invest with managers that come from diverse backgrounds, cultures, and experiences. As part of that, their research explicitly seeks diverse managers for inclusion in the manager universe. eCIO's research follows Sustainable Investing strategies that align with clients' missions. These can range from exclusionary (funds that screen out certain areas) to those that integrate ESG scores within the portfolio.
Investments	eCIO believes that clients' goals can best be met with objective investment research and advice, free from proprietary products and other potential conflicts of interest. The firm's research partner has an experienced team of 20+ investment professionals dedicated to investment research, using quantitative and qualitative criteria to evaluate strategies and managers. The team has experience with investing in ESG/SRI securities across all asset allocations and in a variety of vehicles from ETFs, mutual funds, and separately managed accounts.
Related Services	A key value proposition of eCIO is the robust reporting and communications capabilities of the firm, designed specifically for non-profit investment oversight committees. eCIO provides proactive reporting so that clients' investment committees feel confident in meeting their fiduciary duties and can easily track the progress of investment programmes. eCIO provides education around investment and governance topics that are of interest to non-profit clients' boards or oversight groups during portfolio review meetings. The firm also provides frequent papers on relevant non-profit investment and governance best practices.
Fees and Minimums	<p>Annual Long-Term Portfolio Advisory Fees range (with multiple breakpoints) from 0.50% on the first \$10MM in accounts below \$20MM, to 0.15% on assets over \$50MM in accounts over \$20MM.</p> <p>Annual Cash Management Portfolio Advisory Fees begin at 0.25% on the first \$10MM, to 0.05% over \$100MM. The Cash Management fee schedule only applies to dedicated cash management and excludes cash held in the long-term investment portfolio.</p> <p>eCIO has a \$5,000 minimum annual fee per relationship</p>

SYNOPSIS: eCIO is a purpose-built fiduciary investment advisor for non-profits, including religious organizations. Whether starting a new investment fund, replacing a self-managed approach with professional management, or looking to change investment advisors, non-profits can turn to eCIO for a deep understanding of non-profit investment

best practices. The firm's clients come from all non-profit sectors, and eCIO recognizes the important differences each organisation faces in its funding sources and operating needs, providing customised investment programmes to meet those unique needs.

Disclosure

These case studies are NOT recommendations. FaithInvest has not undertaken due diligence on these organisations or on the impact of the approaches that they have taken. Much of what is shown in the case studies has been taken directly from the individual organisations' own materials and has not been independently evaluated. The case studies merely serve as examples of potential routes that faiths might wish to explore.

The organisations cited in this paper have various ties to FaithInvest. This is neither coincidental nor purposeful – but the faith investment world is small and very connected – so these were natural examples:

- Wespeth's CIO Dave Zellner is FaithInvest's Board Chairman
- JLen's founder Julie Hammerman is on FaithInvest's board
- Anthos' sister organisation Porticus has funded FaithInvest
- CIIC is an organisation that FaithInvest has collaborated with

FaithInvest is not a fund manager and we do not make investment decisions for the faiths, or advise on investing decisions. Instead, we support the faiths to develop their own ethical investment policies in line with their core beliefs and values.

Guidance, next steps, and how FaithInvest can help

The examples above are simply the tip of the iceberg in terms of potential solutions available to smaller faith organisations seeking FCI solutions. Clearly, the variety of solutions and the alignment with each organisation's needs will vary by geography, religious beliefs, budget, and FCI commitment and emphasis. In addition, even these solutions require enough resources and expertise to evaluate, select and monitor – and to a smaller organisation just starting its journey, the challenge of finding a 'solutions provider' may require its own 'solution' (humour intended).

FaithInvest strives to help smaller faith organisations in three distinct ways:

First, if we are already working with your organisation to help you refine and define your FCI approach – we will stay with you and work with you to provide guidance and explore execution possibilities.¹

Second, we have already started compiling a growing database of FCI solutions. The case studies above represent what we plan to offer – but on a much broader scale.

Finally, and perhaps most visibly, we are constantly working to raise the broad profile of FCI through our Movement framework; through Movement, which involves outreach, seminars, and collaborations with broad faith groups, we focus on raising awareness and prioritisation of FCI by the faiths, the faithful, and within the investment industry. Through our Movement-building efforts, we expect to attract the various solution providers to us and, to work with them to create or improve their solutions for you.

¹ FaithInvest is not a fund manager and we do not make investment decisions for the faiths or advise on investing decisions. Instead, we support the faiths to develop their own ethical investment policies in line with their core beliefs and values.



FaithInvest is an international, not-for-profit network for religious groups and faith-based institutional investors. Our aim is to grow the scale and impact of faith-consistent, values-driven investing worldwide for the benefit of people and planet.

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