



# Keys to Envisioning, Creating and Sustaining a Successful Investment Strategy

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Featured Speakers

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Feel free to contact us with any questions you may have at [info@catholicinvest.org](mailto:info@catholicinvest.org)

# Today's Presenters

We are here to serve



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Please follow us on LinkedIn and visit our website:

**[CatholicInvest.org](https://CatholicInvest.org)**

# Why Catholic Investment Services?

Partnering with top-tier investment managers while honoring Catholic values

## Four Pillars of Catholic Investment Services

1

### Investment Excellence

- Access to a network and investment partners we believe are top-tier
- Globally diversified institutional approach that incorporates non-correlated alternative investments
- We provide scale to help leverage favorable terms

2

### Catholic Affinity

- Deep understanding of the Catholic faith and how to implement its teachings into sophisticated investment programs

3

### Extensive Experience

- Board includes leading institutional investors
- Fund investment advisors have over 50 years of combined experience in security selection and manager due diligence

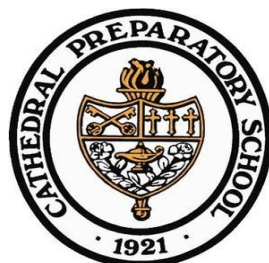
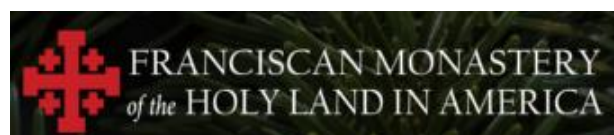
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### Mission Alignment

- As a non-profit focused exclusively on Catholic organizations, CIS is aligned with our investors' missions and understands their unique challenges

# Representative CIS Investors

## Who we serve



# Overview of Committee Best Practices

Envisioning, creating and sustain a successful investment strategy

## *Fostering Success Through Four Broad Principles*

### Framework for Success

1. Form a diverse and dynamic investment committee
2. Establish sound committee practices and procedures
3. Create an effective investment policy statement
4. Forge strong partnerships with investment advisors and fund managers

### Benefits of an Endowment

- Creates a perpetual source of income
- Relieves pressure on the operating budget
- Increases financial aid
- Boosts prestige and reputation
- Develops a lasting connection with donors

*An understanding of the higher values that Catholics embrace.*

# Building an Effective Investment Committee

## What it means to be a fiduciary

*Members must be trustworthy, capable and committed.  
Their obligations are often expressed as two duties:*

*1*

### Duty of Care

Members should strive to attend every committee meeting and be well-prepared so that they can participate fully. They should be ready to contribute to an informed decision based on their independent judgment – because every vote counts.

*2*

### Duty of Obligation

They have a duty to act in the best interest of the organization and its beneficiaries. Members also must adhere to all applicable state and federal laws relating to nonprofits and must comply with all reporting, filing and tax requirements.

# Candidate Considerations

The committee should mirror the scope and complexity of the organization

*Consider if Each Prospective Candidate Would:*

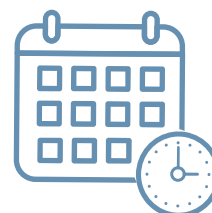




# Investment Committee Procedures

Pave the way for informed, high-quality decisions

## *A Committee that Shines*



**Create an  
Effective  
Agenda**

**Set the Stage  
for Well-rounded  
Decisions**

**Arrange right  
Meeting Schedule  
and Format**

**Establish a  
Permanent  
Record**

*Good communication is perhaps the most critical success factor for a committee.*



# Keeping the Communication Lines Open

Excellent communications drive your investment committee's success

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## Disruptions to the Decision-Making Process

**Following the Herd** – Rallying around new trends rather than applying an independent lens

**Pushing for Action** – Seeking quick consensus without weighing all the facts (and to avoid conflict)

**Deferring to Experts** – Muting one's views in the presence of those with greater experience

**Mulling and Inaction** – Delaying decisions on particularly contentious issues

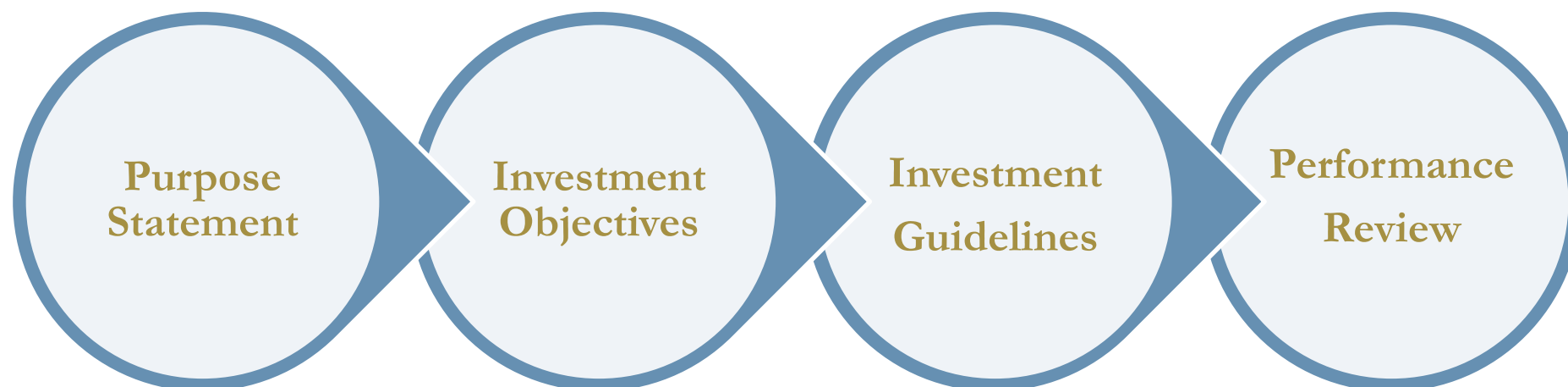
**Forming Camps** – Aligning with members of opposing groups, and yielding no ground

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# Developing Your Statement of Investment Policy

Critical considerations as you define your approach to investing

## *Investing Approach Considerations*



**Consideration:** Do members know what is expected and how to proceed?

# Purpose Statement

A snapshot of what stakeholders will find in the investment policy

*It might be as simple as this:*


The purpose of this investment policy statement is to set forth guidelines for our organization's portfolio, with particular emphasis on factors that drive investment returns and risk. This document will discuss our investment objectives, policies, processes for decision-making and choosing managers, as well as how we will evaluate performance. We intend this policy to be specific enough to be meaningful, while preserving flexibility for sound decision-making in an evolving world.

**Consideration: Is your organization in alignment toward achieving common goals?**

# Investment Objectives

Guidelines for both strategic and tactical decisions

## *Common Policies of Catholic Institutions:*

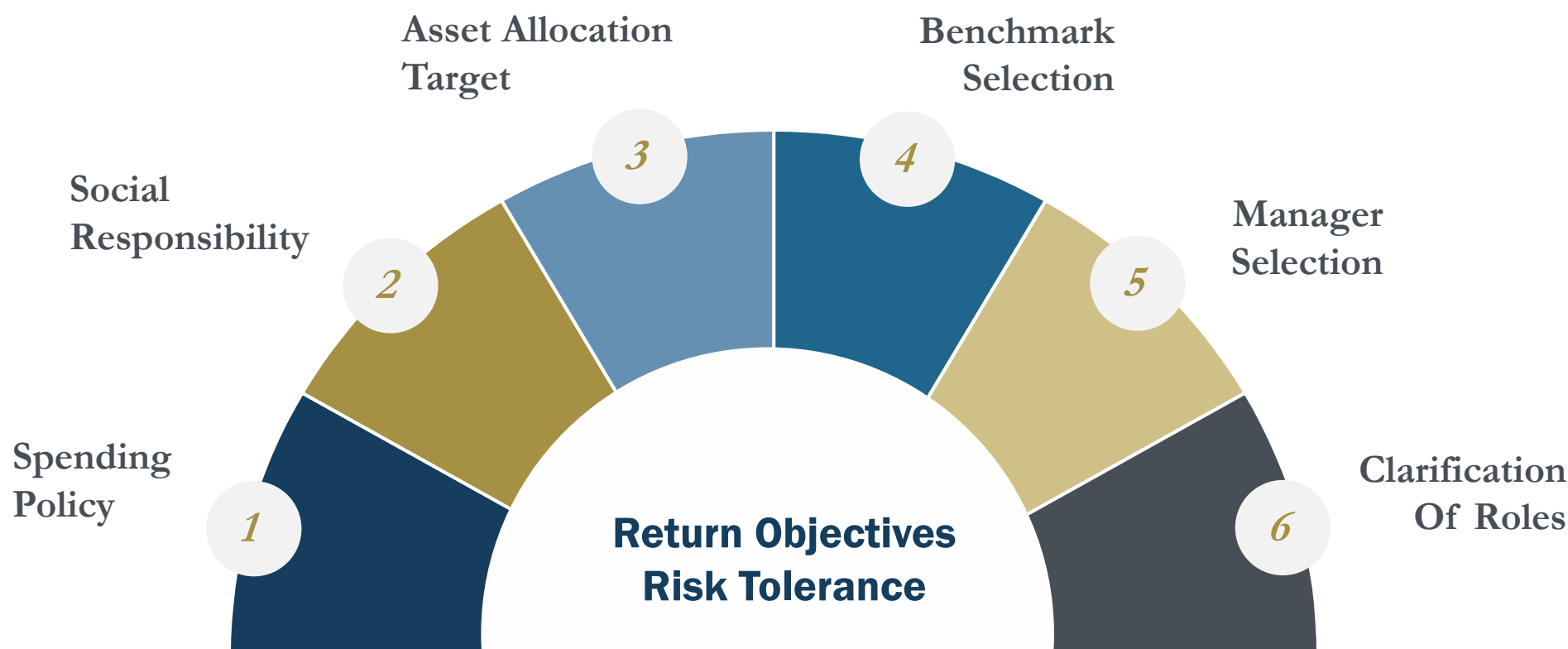
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- Maximize the endowment fund's growth over the long term
  - Maintain the fund's real purchasing power, net of regular distributions
  - Deliver stable, perpetual financial support to the beneficiaries of the fund
  - Maximize long-term total return, while accepting some annual volatility
  - Maintain a prudent level of diversification in the portfolio
  - Incorporate relevant investment horizons and risk tolerance
  - Exceed the rate of inflation (based on CPI) by X% on an annualized basis

**Consideration: How do your objectives affect your risk profile?**

# Investment Guidelines

Provides specific guidance for committee and other stakeholders

## *Key Elements of Investment Guidelines*



Consideration: Has your organization's necessary investment guidance been well-defined?

# Investment Policy Review

Keep it alive. Think of it as a living document.

## *Annual Policy Reassessment*

### **Tactical Opportunities**

such as new asset  
classes, private equity  
or venture capital

### **New Guidance**

from the USCCB or  
the Vatican  
(Laudato Si')

### **New Best Practices**

emerging in the ESG  
arena and Impact  
Investing

### **Global Events**

that might affect investment  
strategy going forward  
i.e. Pandemics

### **Equity Issues**

like social, economic and  
human rights concerns  
i.e. Public Health / Poverty

**Consideration: Is your Statement of Investment Policy fresh and relevant?**

# Investment Managers

Forge productive partnerships to advance investment objectives

## *Common Investment Partnership Models*

1.

### Consultant Relationship

A consultant collaborates with the organization's staff and Investment Committee members, providing recommendations and guidance relating to asset allocation, portfolio manager performance and other matters.

2.

### Outsourced Chief Investment Officer

The Investment Committee retains decision-making authority.  
The OCIO provides consulting services too, but also is given the authority to begin and end relationships with portfolio managers, and can adjust asset allocations within set guidelines.

3.

### Investment Management Organization

A firm draws from a suite of investment solutions, comprising various asset classes and exposures, and manages the committee's custom mandates, such as adhering to faith-based investment priorities.

Consideration: Are they a good fit for your organization?



# Performance Attribution & Assessment

Investment portfolios and the capital markets should be measured and evaluated

## *Evaluation Criteria*

**Progress toward the stated objectives for the portfolio**



**Performance as compared to agreed-upon market and customized benchmarks**



**Adherence to stated risk profile**



**Report quality, covering a range of periods providing relevant context**

**Consideration: Are you on track for your long-term goals?**

# Final Thoughts

Chart Your Course. Align Your Principles.

**Investment Success  
Relies on Commitment,  
Partnership, and Faith.**



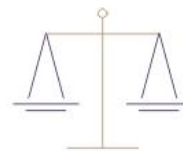
**Promoting  
Human Dignity**



**Protecting  
Human Life**



**Reducing  
Arms Production**



**Pursuing  
Economic Justice**



**Protecting  
the Environment**



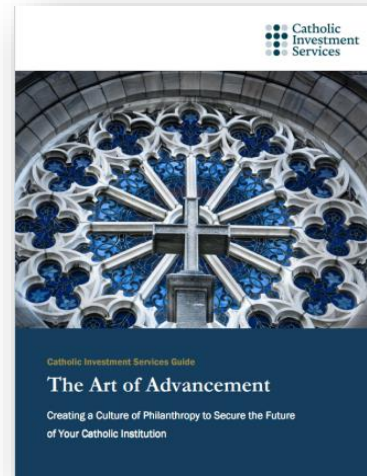
**Encouraging  
Corporate Responsibility**

# Additional Resources

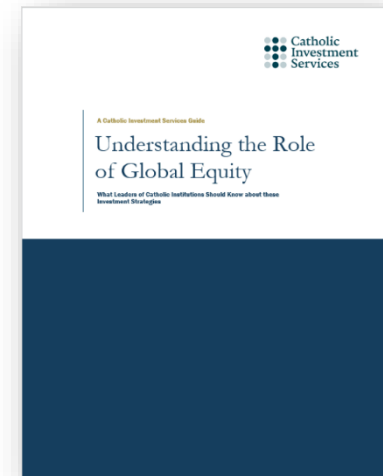
Catholic Investment Services would welcome the opportunity to share our knowledge and ideas with you



## Securing the Future of Your Catholic Institution



## The Art of Advancement



## Understanding the Role of Global Equity

## WE ARE HERE TO SERVE!



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