

QUARTERLY REVIEW**Q3 2021**

John W. Geissinger, CFA
Chief Investment Officer



Julie B. Tanner
Managing Director

A Conversation with Chief Investment Officer John Geissinger and Julie Tanner, Managing Director, Catholic Responsible Investments.

It's been an interesting period on multiple fronts. From an investment perspective has anything surprised you over the last three months?

Mr. Geissinger: How strong the financial markets have been. Even after a tough September, the S&P 500 closed up a fraction for the full quarter. The bond market, too, generated modest positive returns. I believe we're witnessing the so-called "age of financial repression" where governments are driving interest rates low to stimulate the economy.

Has that caused any big changes in your approach to investing?

Mr. Geissinger: Not really. We remain relatively positive on the equity markets. With a current price-to-earnings around 25 it's hard for me to say that equities are overpriced. We do need to normalize a bit, though, and I think the earnings growth will settle in the high single digits. But the pace of growth for equities will have to slow down at some point. Going forward, we need to recognize that the nominal returns are going to be lower.

"I believe we're witnessing the so-called 'age of financial repression' where governments are driving interest rates low to stimulate the economy."

– John Geissinger

What's your sense of the short term?

Mr. Geissinger: Currently, the U.S. economy is driven by supply disruptions. While we've had solid demand at home, other countries have not opened to the same degree. I anticipate those will normalize, but given monetary stimulus, the question is when does the Fed begin to normalize interest rates?

Have you made any changes to the portfolios?

Mr. Geissinger: The majority are at the margin, primarily in fixed income. With current yield in the corporate bond market lower than the average coupon, harvesting gains makes sense.

"...given monetary stimulus, the question is when does the Fed begin to normalize interest rates?"

– John Geissinger

What's risk look like to you at the intersection of faith and finance?

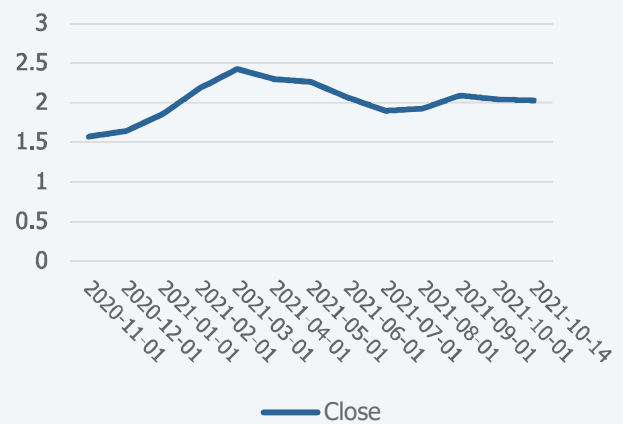
Mr. Geissinger: China is an example. On the finance side, the portfolios are selective in their individual Chinese holdings. From an investment perspective, we're underweight in China.

Conversely, there are significant human rights issues. We're engaging with companies, specifically regarding the potential ramifications to their brands due to sourcing materials from the Xinjiang province.

What does it mean to engage with a company?

Ms. Tanner: We meet with the highest levels of a company to bring issues of concern. Our tactics include releasing reports with corporate guidance and supporting legislation that mandates corporate disclosures.

Interest Rates Over One-Year Period Represented by 30-Year Treasury Index (TYK)





How do you decide where to focus your engagement efforts?

Ms. Tanner: We're focusing on human trafficking and worker protection, child sexual exploitation online, biodiversity, and climate change. Technology is our newest issue.

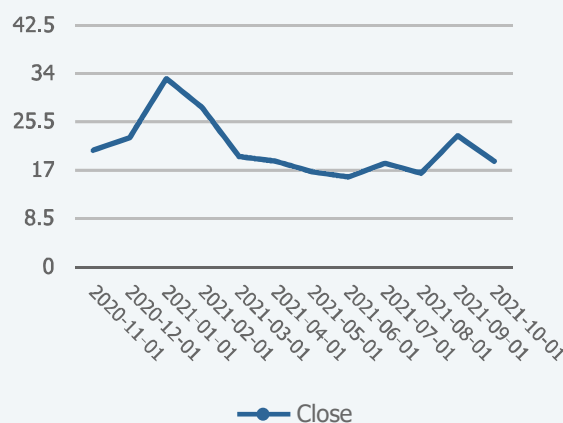
Does the Investment team focus on the financial return while the Impact and Justice group focuses on the faith part?

Ms. Tanner: We all focus on the faith side. Catholic Responsible Investments is an integrated team. The Impact & Justice team engages companies on issues of concern to our Catholic investors while our investment colleagues ensure portfolio managers can maximize returns.

As you look at the last quarter of 2021, in the midst of so much political and social turmoil, what keeps you awake at night?

Mr. Geissinger: It's monitoring the ongoing dynamic of inflation and the resulting price increases. We're not surprised to see upticks coming out of the economic shutdown, but at what level do we stabilize? What is the Fed response going to be? We're probably looking at dramatically increased volatility in the financial markets. My biggest concern is that investors may have been lulled to sleep and may have forgotten that things do get bumpy from time to time.

Volatility Over One-Year Period Represented by the VIX



Contact Us

We want to hear from you!
If you have questions please reach out to our Catholic Responsible InvestmentsSM team at:

 CRI@cbisonline.com or
 **(877) 550-2247**

Important Disclosures

The securities identified and described do not represent all of the securities purchased, sold or recommended for CUIT Funds, CBIS Global Funds and separate managed accounts. For a complete list of securities please contact CBIS. The reader should not assume that an investment in the securities identified was or will be profitable.

All material of opinion reflects the judgment of Adviser at this time and are subject to change. This material is not intended as an offer or solicitation to buy, hold or sell any financial instrument or investment advisory services.