

## CRI QUARTERLY REVIEW *Q4 2021*



**John W. Geissinger, CFA**  
*Chief Investment Officer*



**Raymond J. Burnell**  
*Director, Catholic Responsible Investments*

### *A Conversation with Chief Investment Officer John Geissinger and Raymond Burnell, Director, Catholic Responsible Investments*

**What's your sense of the "big picture" at quarter end?**

**Mr. Geissinger:** We're dealing with a confluence of events. We're still working through the pandemic's effects on fiscal and monetary policy, speculation is on the rise, and interest rates have been artificially depressed. Meanwhile, inflation is front of mind for just about everyone.

**And we're all wondering if the increase is transitory or permanent.**

**Mr. Geissinger:** Not permanent, but we may be moving from a decade of deflationary tailwinds to a longer-term inflationary period. I could see inflation running at 3% or so for a while.

**How are the CBIS sub-advisors reacting to all of this?**

**Mr. Geissinger:** The fixed income managers are more defensive now than they were at the beginning of 2021. On the equity side, the sub-advisors are looking for good quality growth, not a speculative bump.

**In November, the United States Catholic Conference of Bishops approved new investment Guidelines. Does CBIS expect the Guidelines to change its advocacy focus for 2022?**

**Mr. Burnell:** The updated guidance reinforces our priorities. New USCCB policies on commercial sexual exploitation will support our engagements with Apple, AT&T, and Verizon,



while the new areas of human trafficking, forced labor, and labor standards strengthens our efforts toward defending the dignity of work. New policy areas on climate change, biodiversity, and environmental impact will surely reinforce our current work on the Exxon Resolution.

**Are these companies you’re engaging with already portfolio holdings?**

**Mr. Burnell:** Yes. Holdings with these companies have been quality investments earning good returns to fund Catholic ministries and they’ve made progress in some of the areas where we had concerns. This means we’ve seen an openness for these companies to move toward a positive transformation.

*“...We’ve seen an openness for these companies to move toward a positive transformation.”*

– Ray Burnell

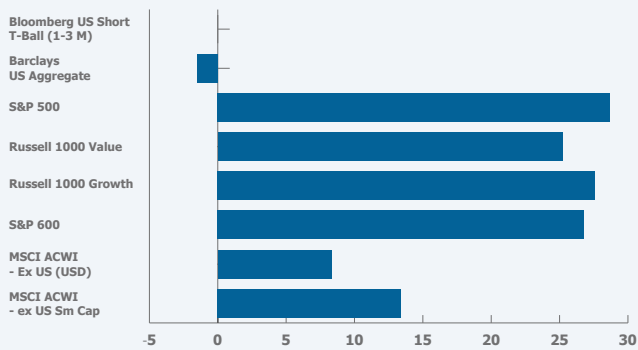
**2021 was another exceptional year for U.S. equity markets. Given the COVID headwinds, are you a bit surprised?**

**Mr. Geissinger:** You have to be impressed with how resilient the equity markets have been. All the big indexes were up again in 2021, the S&P by nearly 29%. I think we can thank the Fed for that.

**Are you concerned, then, that equities are overvalued?**

**Mr. Geissinger:** You can argue that stocks are overvalued, sure, but when you compare their valuation to that of bonds, equities actually look pretty cheap. There’s plenty of room for rates to go higher.

**2021 Market Performance**



Source: FactSet  
As of December 31, 2021



### Does that mean you think interest rates will be going up?

**Mr. Geissinger:** Yes, we do expect rates go up. The bigger point, though, is rates can go up a lot before they start impacting the equity markets.

### All of that considered, what are your thoughts on investing in 2022?

**Mr. Geissinger:** 2022, I think, is going to be a year of rotation toward companies that are generating real earnings over the long term.

*“I continue to believe in the inevitability of productive capital. I am still long-term bullish.”*

– John Geissinger

Overall, I think we’re very well positioned for the coming year. I continue to believe in the inevitability of productive capital. I am still long-term bullish.

### The USCCB has articulated several new policy areas. Are you seeing any areas of concern emerging in the coming year?

**Mr. Burnell:** There are a number of evolving issues — keeping kids safe online, human trafficking, meeting the challenge of climate change while paying attention to the human rights among others. How we approach companies in these spaces will evolve as well. I believe we’re doing good work and making good progress.



## Contact Us

**We want to hear from you!**  
If you have questions please reach out to our Catholic Responsible Investments<sup>SM</sup> team at:

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