

A New Promise for Fixed Income

IMPACT INVESTING STRATEGIES

COMPLEMENT CRI'S SCREENING AND ACTIVE OWNERSHIP EFFORTS

CBIS' mission is to serve Catholic investors looking to transform the world. In pursuit of this mission, the firm's Catholic Responsible InvestmentsSM ("CRI") approach manages portfolios with an eye toward two bottom lines — one that tallies financial gains and another that measures the social and ethical behavior of portfolio companies.

By targeting financial return and social return in harmony, CBIS seeks to help Catholic investors pursue their missions with wisdom and confidence.

In practice, CRI combines Catholic Investment Screening to select investments based on well-articulated moral imperatives with Active Ownership to work on behalf of investors towards transforming portfolio companies' policies and practices.

In recent years, there's been a growing movement towards proactively deploying capital in a more constructive fashion. Today, we call this strategy "impact investing."¹

IMPACT MEETS FIXED INCOME

Related to, yet different from other responsible investing strategies, impact investing focuses on the relationship between investment capital and the positive impact that certain investments might have.



From its beginnings around the turn of the century, the strategy has tended to rely on private equity and venture capital to direct monies toward issues such as sustainable agriculture, renewable energy, affordable housing, and healthcare.¹

We are not the first to suggest that the impact product environment has changed. No longer the preserve of non-public equity markets, impact investing has found a home in publicly-traded fixed income.

From a financial perspective, an “impact bond” is similar to a traditional bond. It is a debt security of an issuer, pays a coupon, and matures at par. But unlike traditional fixed income assets, impact bonds are structured to generate environment and social return as well. How? By contributing intentionally to a solution.

Impact bonds could help provide capital to address the world’s most pressing challenges that traditional business models often sidestep. Impact investments can be made in both emerging and developed markets with an objective to provide competitive risk adjusted returns alongside impact.

“Impact investments are investments made with the intention to generate positive, measurable social and environmental impact alongside a financial return.”

— The Global Impact Investing Network



While fixed income impact structures are underrepresented in the responsible marketplace, given a confluence of global forces, the relative difference in the market size is shrinking. Low starting point notwithstanding, the impact bond market is growing at an extraordinary rate.

THE BENEFITS OF FIXED INCOME IMPACT INVESTMENTS

Fixed income structures lend themselves nicely to the measurement demands of impact investors because of the ability of issuers to report on how borrowed funds are used and the subsequent impact. It could be easily argued the bonds' more rigid financial structures lend themselves better to an impact approach than their equity cousins because of fixed income's embedded reporting capabilities.

Moreover, the lower risk nature of fixed interest investments compared to equities has another distinct advantage: An attraction to new, more financially cautious investors. Fixed income impact investing provides an attractive entry point for new investors who want to align their personal values with their personal capital but are fearful of the volatility equity investments represent.



Bottom Line

By its analysis, the CBIS Investment Team is confident strategic allocations toward impact bonds – a strategy consistent with CBIS' core value of social and ethical teachings of the Catholic Church – may generate measurable positive social and environmental impact and may provide attractive risk-adjusted returns at the same time.

As a company, CBIS believes that as impact investing grows, fixed income will play an ever-increasing role in contributing to the solutions our society demands. Additionally, impact investing provides further alignment with the moral and social teachings of the Catholic Church.

Impact investing is now part of the CRI Short Duration Bond Fund, CRI Bond Fund, and CRI Opportunistic Bond Fund.²

Important Information

¹Source: <https://www.investopedia.com/news/history-impact-investing>.

²Impact investing has a 20% allocation in the CRI Short Duration Bond, CRI Bond, and CRI Opportunistic Bond funds through the sub-adviser Teachers Advisors LLC ("TAL"), a investment adviser subsidiary of Nuveen ("TAL/ Nuveen"). Nuveen is the wholly owned investment manager subsidiary of TIAA. Nuveen provides investment advisory solutions through its investment specialists including Teachers Advisors, LLC, a registered investment adviser, and sub-advisor to the CRI Bond Fund, CRI Opportunistic Bond Fund, and CRI Short Duration Bond Fund.

All material of opinion reflects the judgement 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.

Catholic Responsible Investment ("CRI") is an investment strategy designed specifically to help investors seek sound financial returns while remaining faithful to the teaching of the Roman Catholic Church. The Fund considers the Adviser's CRI criteria in its investment process and may choose not to purchase, or may sell, including at inopportune times which would result in losses to the Fund, otherwise profitable investment in companies which have been identified as being in conflict with the Adviser's CRI criteria. Funds may underperform other similar funds that do not consider CRI guidelines when making decision.

Before investing you should carefully consider the new Catholic Responsible Investments Funds' investment objectives, risks, charges and expenses. This and other information is available in the prospectus, or summary prospectus. Please read the prospectus carefully before you invest. The prospectus, or summary prospectus, can be obtained by calling 1-866-348-6466.

Mutual fund investing involves risk, including possible loss of principal. There can be no assurance that the Fund will achieve its stated objectives. Current and future holdings are subject to risk.

The funds are distributed by SEI Investments Distribution Company (SIDCO). SIDCO is not affiliated with CBIS or any sub-advisers of the Funds.