CRI Quarterly Review

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Catholic Responsible Investing

A Conversation with CBIS Co-Chief Investment Officers John W. Geissinger, CFA, and Thomas Digenan, CFA, CPA

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Co-Chief Investment Officer

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Co-Chief Investment Officer

In 2024 there are pivotal elections around the world. Do you think investors should prepare for different outcomes depending on the local political environment?

Mr. Geissinger: Analysts have spent a lot of time looking at the data, and if there's any kind of pattern associated with free-market elections, it's not statistically significant.

Mr. Digenan: A long-term investor in a market-based economy shouldn't be worried about a single event in a single day.

That's not what we're hearing from the media pundits.

Mr. Digenan: Investors need to differentiate between the signal and the noise, and just about everything we see and hear from the media is noise. We're looking to identify longer-term signals that matter to valuation.

Central bankers around the world are tasked with setting their monetary policy in a way that is most appropriate for their economies. How do you score the job the monetary authorities in Europe have done in their long fight with inflation?

Mr. Geissinger: As we sit here today, I would say they've been doing a pretty good job. Inflation is coming down and we're beginning to see central banks around the world moving toward easing monetary policy. Reducing inflation without creating a recession is a difficult feat to pull off, but so far so good.

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>
> **— Tom Digenan**

In the U.S., the Fed recently announced a half-percentage point rate cut. How will this new phase affect the global markets?

Mr. Digenan: This is not a new phase for the Fed. It’s a new phase within the economic cycle, and I think the Fed has played this pretty well. As far as the global markets, everything that the U.S. does has a ripple effect for no other reason than its size. What happens in the U.S. has a significant impact on the developed markets and especially on the emerging markets.

Are there benefits to rate cuts that flow to the consumer?

Mr. Geissinger: As the Federal Reserve cuts rates in the U.S. and the European Central Bank cuts rates in Europe, the cost of borrowing goes down immediately for consumers and corporations. Mortgage rates begin to come down. Any loan tied to the prime rate will start to come down. On the flip side, interest rates on credit card debt are not tied to the central bank rates, so those that are carrying balances aren’t really going to see a benefit.

> **"I'd say global central banks have done a pretty good job."**
>
> **— John Geissinger**

Is it unreasonable that an investor might want to sit on the sidelines?

Mr. Geissinger: We go through noisy environments decade after decade. History shows that investors with an appropriate investment strategy and the conviction to stick with it will benefit.

Mr. Digenan: I tend to get anxious when there is no volatility in the market. Investors tend to become complacent and do not factor in risk appropriately. It can't be said enough that investors need a plan, and they need to stick to that plan in good times and bad.

Are environments like this one more challenging for a Catholic Responsible Investments strategy?

Mr. Digenan: It's important to note that our process for Catholic Responsible Investments includes engagement, exclusion, and enhancement. Through this collective effort, we are systematically looking to identify attractive businesses that align with the values of our investors, regardless of the environment.

Mr. Geissinger: It was hard to invest in the period after the Global Financial Crisis, where central banks around the world were artificially manipulating rates. I would argue that the market we're in today is returning to normal.

Contact Us

We want to hear from you!

If you have any questions, please reach out to your CBIS representative:

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