

THE IMPACT INVESTOR

FALL 2022

Our fall 2022 issue of The Impact Investor newsletter is now available. Highlights of this edition include a Q&A with David Erickson, CIO of Ascension Investment Management, CCM's perspective on faith-based investing guidelines, sample impact investments with a focus on non-profit partners helping to improve community growth and economic prosperity, and a spotlight on the Catholic Impact Investing Collaborative. We always welcome ideas for future newsletters and like-minded organizations to feature. If you have suggestions or would like to be included, please email jhorwitz@ccminvests.com.

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A CONVERSATION WITH DAVID ERICKSON, CIO OF ASCENSION INVESTMENT MANAGEMENT

Ascension Investment Management (AIM) was created to help faith-based organizations meet their operating, investment, and mission goals by investing its clients' capital according to their values. AIM does this by delivering high-quality comprehensive investment solutions that enable its clients to focus on the big picture — their mission. AIM currently offers a wide variety of investment strategies and manages assets in accordance with a Catholic-based Socially Responsible Investing (SRI) Policy for a variety of institutional investors, either as an outsourced chief investment officer (OCIO) solution or as an investment manager for select asset classes. In this Q&A, we speak with CIO David Erickson, CFA, who oversees the administration, management, and coordination of all AIM investments. AIM is an independent third party investment management firm that is not affiliated with Community Capital Management, LLC (CCM).



DAVID ERICKSON, CFA
Chief Investment Officer
Ascension Investment Management

Q: Can you share an overview on AIM's history?

A: AIM's beginning can be traced back to September 2009 when Ascension Health, one of the largest nonprofit healthcare systems in the U.S., hired me as its first chief investment officer, overseeing its investment and treasury functions. From the beginning, my focus was to build the investment staff, investment policies, and infrastructure to serve a multibillion-dollar platform. In particular, one priority was to create a Catholic-based SRI policy that broadly corresponds to principles established by the U.S. Conference of Catholic Bishops, acknowledges the complexity of the financial markets, and accommodates investing a broadly diversified portfolio.

Initially, our team focused on managing the operating assets of the health system and its related entities; however, the organization soon saw the potential benefits of offering similar services to other Catholic institutions that might struggle to cost-effectively invest in accordance with their values. With that in mind, AIM was formed in 2012 to help other Catholic institutional entities manage diversified investment portfolios subject to a Catholic-based SRI policy. AIM now has 30 associates on the team and a variety of clients ranging from healthcare, education, religious orders, and foundations.

Over time, AIM has continued to evolve in response to an everchanging

marketplace. The organization has been thoughtful about how to honor Catholic values in portfolios, which has resulted in us offering new ways to support our clients' missions. As our clients sought to actively "do good" rather than just avoid offensive investments, we came up with solutions to meet their need. For example, in 2014 we created our Impact Investment strategy, which sources private investments that seek to actively promote a Catholic mission. To meet the need of clients seeking more liquid impact investments, in 2022, AIM created its Impact Fixed Income strategy, which has the same impact objectives as Impact Investment, but which invests primarily in liquid fixed income investments.

Q: What services do you currently offer clients and what sets AIM apart from other OCIOs?

A: A key differentiator of AIM is that the firm is owned by a nonprofit organization with a Catholic mission and 100% of our clients are faith-based. These factors allow us to concentrate our attention on investment opportunities that align with our clients' values. We think this is important in that we will not be distracted by searching for opportunities for non-faith-based investors, and we can be proactive in managing any faith-based ethical issues presented by investments in our clients' portfolios.

Another differentiator is that, because our ownership is mission driven rather than profit or shareholder driven, AIM is not charged with accumulating a large number of clients. Instead, AIM's entire team is dedicated to the management of a limited number of clients' assets and offering a full suite of investment services and strategies. Certain clients consider AIM's operational staff to be an extension of their staff based on our depth of service, responsiveness to requests, and dedication to their satisfaction.

Q: Given your focus on investing in accordance with Catholic-based SRI policies, what kind of impact managers (across asset classes) do you look for to align with these values?

A: AIM believes that through impact investing, the potential exists to develop a marketplace that can treat low-income populations as consumers rather than merely recipients of charitable aid. Additionally, impact investments can empower these populations so they have the potential to transition from poverty to prosperity. We seek managers that have this concept as a core principle to their business.

AIM has two impact focused strategies – Impact Investment and Impact Fixed Income. The Impact Investment strategy invests primarily in private equity, private real asset, and private credit investments. The Impact Fixed Income strategy primarily selects skilled fixed income managers, targeting social or environmental impact objectives. Both of these strategies strive to meet two main objectives:

- 1. Improving access to certain social goods and services that may not be available (or are available on an inadequate basis) to the poor and vulnerable through investments in areas such as clean water, food and nutrition, adequate and affordable housing and education, health and healthcare, and financial services
- 2. Environmental stewardship, giving priority to investments and advisers that have a track record of excellent performance in environmental conservation and/or a focus on innovative “green” products, services, or processes, such as clean technologies

To meet our impact objectives, we seek managers that we strongly believe align their expressed impact goal and their investment activities.

Q: For clients just getting started with impact investing, what recommendations can you offer?

A: We appreciate that defining “impact” is highly subjective and specific to

each institution. Defining the goals of “impact investing” that an institution would like to achieve with its investment portfolio is an important first step. In this process, we would recommend that the definition of impact not be too narrow, such as limiting impact to a city or a specific industry, because often times a narrow definition can be an obstacle to getting started. From there, an institution should also decide on the role this program will play in its overall investment portfolio when considering liquidity limitations, return expectations, desired geographic focus, the overall investment risk tolerance, and ongoing measuring and reporting requirements. This information can then be integrated into an Investment Policy Statement.

Institutions can start the conversation with their committee and advisers, but there are many partners that are willing to help on the journey. We have found the resources available to institutions that want to engage on the topic of impact investing has greatly expanded over the last 10 years. More recently, groups like the Catholic Impact Investment Collaborative (CIIC), FaithInvest, and The Francesco Collaborative have formed with the purpose of helping faith-based institutions connect with peers and offering investment resources to better understand the marketplace. AIM has established solid relationships with all three groups over the years and finds great value in collaborating with their leadership and members on opportunities and challenges in the impact investment market, particularly related to considering Catholic social teaching within an investment mindset.

Q: What challenges and opportunities are you seeing as it relates to impact and environmental, social, and governance (ESG) investing?

A: We are encouraged by the amount of institutions that would like to use their investment dollars to improve social and environmental outcomes. A natural result of increased interest in an investment opportunity or strategy is an influx of managers introducing new funds or investment products to capitalize on the demand but care less about a mission. We are conscientious about taking time to thoroughly understand and evaluate a manager's integrity and motivations to confirm there is a strong alignment of interest with our impact objectives.

One challenge for investors new to impact investing is being able to sort through the merits of impact investments or managers. Though the market has significantly expanded over the last 10 years, many managers still have a relatively limited investment track records with respect to impact investing. AIM helps its clients with this vetting process. AIM has supported new entrants to the space but does so only after a careful risk assessment, and we take track record into consideration when sizing an allocation to a manager.

UPCOMING IMPACT AND ESG INVESTING SURVEY: WHAT QUESTIONS WOULD YOU LIKE ANSWERED?

In the coming weeks, we will be sharing questions for our 4th annual Impact and ESG Investing Survey and would love to hear in advance what pressing questions you would like to see in this next edition. Please share your ideas with Jamie Horwitz by emailing jhorwitz@cclinvests.com. Thank you in advance for your assistance.



SHARE YOUR IDEAS >

FAITH-BASED INVESTING GUIDELINES

The history of aligning faith and finance predates what we broadly call impact investing today. Faith-based groups have long led the way in using the power of capital to bring about change. We recently shared a perspective on faith-based investing guidelines that includes overviews and updates of various faith-based investing guidelines.

June 2022

CCM COMMUNITY CAPITAL INVESTMENTS

Faith-Based Investing Guidelines

The history of aligning faith and finance predates what we broadly call impact investing today. Faith-based groups have long led the way in using the power of capital to bring about change. We recently shared a perspective on faith-based investing guidelines that includes overviews and updates of various faith-based investing guidelines.

The U.S. Conference of Catholic Bishops (USCCB)

The USCCB's 2019 guidelines offer a comprehensive framework for faith-based investors, covering a wide range of issues from environmental stewardship to human rights. The guidelines are designed to help investors make decisions that are consistent with their faith and values.

Judaism

Judaism is a faith that emphasizes the importance of social justice and the well-being of the community. Jewish investors are encouraged to support companies that promote these values and avoid those that do not.

Tendin: Clarity

Tendin is a faith-based investing firm that provides guidance and support to investors. They offer a variety of services, including research, analysis, and portfolio management. Their goal is to help investors make decisions that are consistent with their faith and values.

The new USCCB guidelines are designed to help investors make decisions that are consistent with their faith and values. They cover a wide range of issues, from environmental stewardship to human rights. The guidelines are designed to be flexible and adaptable to the needs of different investors.

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1. Research the company's history and values.

2. Review the company's financial statements.

3. Consult with your faith community.

4. Research the company's environmental record.

5. Review the company's social and governance practices.

6. Consult with your faith community.

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READ MORE >

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IMPACT INVESTMENTS WITH A FOCUS ON NON-PROFIT PARTNERS HELPING TO IMPROVE COMMUNITY GROWTH AND ECONOMIC PROSPERITY

Armitage Commons Apartments

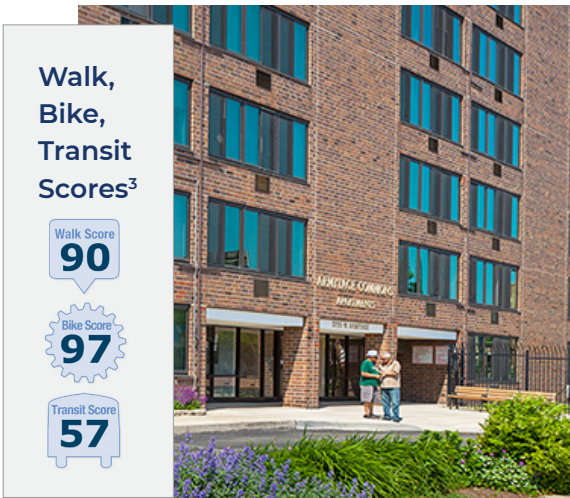
Location: **Chicago, IL** | Sector: **Agency CMBS**

Armitage Commons Apartments is an affordable housing complex for seniors and people with disabilities in Chicago, Illinois, where all 104 units receive Section 8 assistance. The property is in a low-income, high-minority, and high-poverty census tract where 83% of the population are minorities and 45% live below the poverty line.

Located in the Logan Square neighborhood of Chicago, Armitage Commons Apartments is made up of a seven-story building for seniors and people with disabilities with accessible one- and two-bedroom units as well as two-, three-, and four-bedroom townhomes for families. Amenities include a community room, patio with picnic tables, and playground. A service coordinator is available to assist elderly residents.

Armitage Commons Apartments is owned and managed by the **Hispanic Housing Development Corporation (HHDC)**, a non-profit organization founded in 1975 to help create affordable housing in Chicago's Latino neighborhoods. HHDC builds and revitalizes neighborhoods and helps people improve their lives by building comfortable, affordable, and sustainable housing that becomes a catalyst for economic prosperity and community growth. HHDC works in the areas of housing development, construction, property management, and energy sustainability. It believes that neighborhood construction and rehabilitation projects create economic opportunities for residents. HHDC has a subsidiary construction company, Tropic Construction, which trains and hires residents from the neighborhoods HHDC serves. These jobs help individuals and boost the local economy.

HHDC has become one of the largest and most effective community development organizations in the country. It has been nationally recognized as a model for community development by private organizations, foundations, and government agencies.



Walk,
Bike,
Transit
Scores³

Walk Score
90

Bike Score
97

Transit Score
57

Impact themes this investment helped support:

- Affordable Health and Rehabilitation Care
- Environmental Sustainability
- Healthy Communities
- Human Empowerment
- Minority Advancement
- Poverty Alleviation
- Seniors, Veterans, and the Disabled

Image Source: <https://www.hispanichousingdevelopment.com/armitage-commons-apartments>

Allen Manor Location: **Grand Rapids, MI** | Sector: **Agency CMBS**



Image Source: <https://www.samaritas.org/Affordable-Living/Locations/East-Grand-Rapids>

Allen Manor is an affordable rental property for seniors in Grand Rapids, Michigan, where all 24 units receive Section 8 assistance. The property is in a moderate-income and high-poverty census tract where 26% of the population lives below the poverty line. Allen Manor is a senior living complex in the heart of Grand Rapids, located near The Rapid bus stations, dining, recreational areas, grocery stores, and religious centers. Community amenities include a community room, computer access, laundry facilities, controlled access to the property, and health services, such as blood pressure checks and foot care.

Residents enjoy a variety of entertainment and educational programs at the property. In 2019, **Allen Manor** partnered with Bates Place, a non-profit striving to build a sense of community in Grand Rapids, to build, plant, and maintain raised bed gardens at the property. Residents and community members enjoy the fruits and vegetables harvested from the gardens as well as the physical, mental, and emotional health benefits that gardening can provide. Residents have

Impact themes this investment helped support:

- Affordable Health and Rehabilitation Care
- Affordable Housing
- Environmental Sustainability
- Healthy Communities
- Human Empowerment
- Poverty Alleviation
- Seniors, Veterans, and the Disabled
- Sustainable Agriculture

Walk, Bike, Transit Scores³

Walk Score **86** Bike Score **48** Transit Score **59**

taken advantage of the opportunity to grow their own food each year, and Allen Manor has further expanded the project by creating an additional garden space for both residents and the community to enjoy. The gardens have even inspired other institutions in the neighborhood to partner with Bates Place and build their own raised bed gardens.

Allen Manor is managed by **Samaritas**, a non-profit, faith-based health and human services agency that serves more than 20,000 people throughout Michigan. Samaritas is Michigan's largest foster care and adoption organization with a full suite of family preservation programs and options like substance use disorder services to keep families together, and it is one of the largest providers of refugee services, resettling families in from all over the world.

In 2020, **Samaritas** served 1,110 people through its senior living programs, and its senior living communities hosted a total of 15 COVID-19 vaccination clinics that provided the vaccine to 1,500 residents and staff.

The securities identified and described herein are for illustrative purposes only and their selection was based upon non-performance criteria, such as the security's social and/or environmental attributes. Armitage Common Apartments and Allen Manor represented 0.09% and 0.04%, respectively, of the CCM Community Impact Bond Fund's assets, as of June 30, 2022.

ABOUT CATHOLIC IMPACT INVESTMENT COLLABORATIVE

Catholic Impact Investment Collaborative's (CIIC) vision is to foster a world where capital is a transformative force for good, stewards the environment and enhances both equality and human dignity. By sharing its experience and celebrating its Catholic faith and values, CIIC seeks to expand the stewardship of financial resources in service to people and planet.

CIIC was established in November 2014 as an informal "neutral space" for people to come together, share a meal and stories, and build relationships based on their spiritual as well as financial commitment to Impact Investing. CIIC was started in the Midwest and grew to the Northeast and other areas in the U.S. It is now expanding globally.

CCM was one of the first groups of financial intermediaries to join CIIC's new membership program. For more information, visit <https://www.catholicimpact.org>.



VISIT [CCMINVESTS.COM](https://ccminvests.com) TO:

- ✓ Listen to our June faith-based investing video as part of our [5in5 video series](#)
- ✓ Read our perspective, [Faith-Based Investing Guidelines](#)
- ✓ Check out our [Impact Institute](#), an innovative hub for in-house research and knowledge sharing on impact investing.



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