

INSIGHTS & IDEAS

Centennial Conversations

Minneapolis

Investing for Positive Impact

1917 – 2017
A Century of Service
and Benefits for
the Episcopal Church

Impact Investing: November 2017

Investing for Impact, Investing for Return

An Introduction to Impact Investing at Glenmede

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This represents a review of issues or topics of possible interest to Glenmede's clients and friends, and not as personalized investment advice. It contains Glenmede's opinions, which may change after the date of publication. Information gathered from third-party sources is assumed reliable but is not guaranteed. This presentation contains projections which though arrived at in good faith, are not guaranteed. This document is not a recommendation of any particular investment. Actual results may differ materially from projections. Actual investment decisions for clients are made on an individualized basis and may be different from what is expressed here. All investments have risk and are subject to loss. Clients are encouraged to discuss anything they see here of interest with their Glenmede representative.

INVESTING ALONGSIDE YOUR VALUES

IMPACT INVESTING: WHAT

- Aligning values with investments, without sacrificing returns.
- In addition to aligning entire portfolios alongside investor's values, we can make thematic tilts toward planet, society, and faith-based goals.

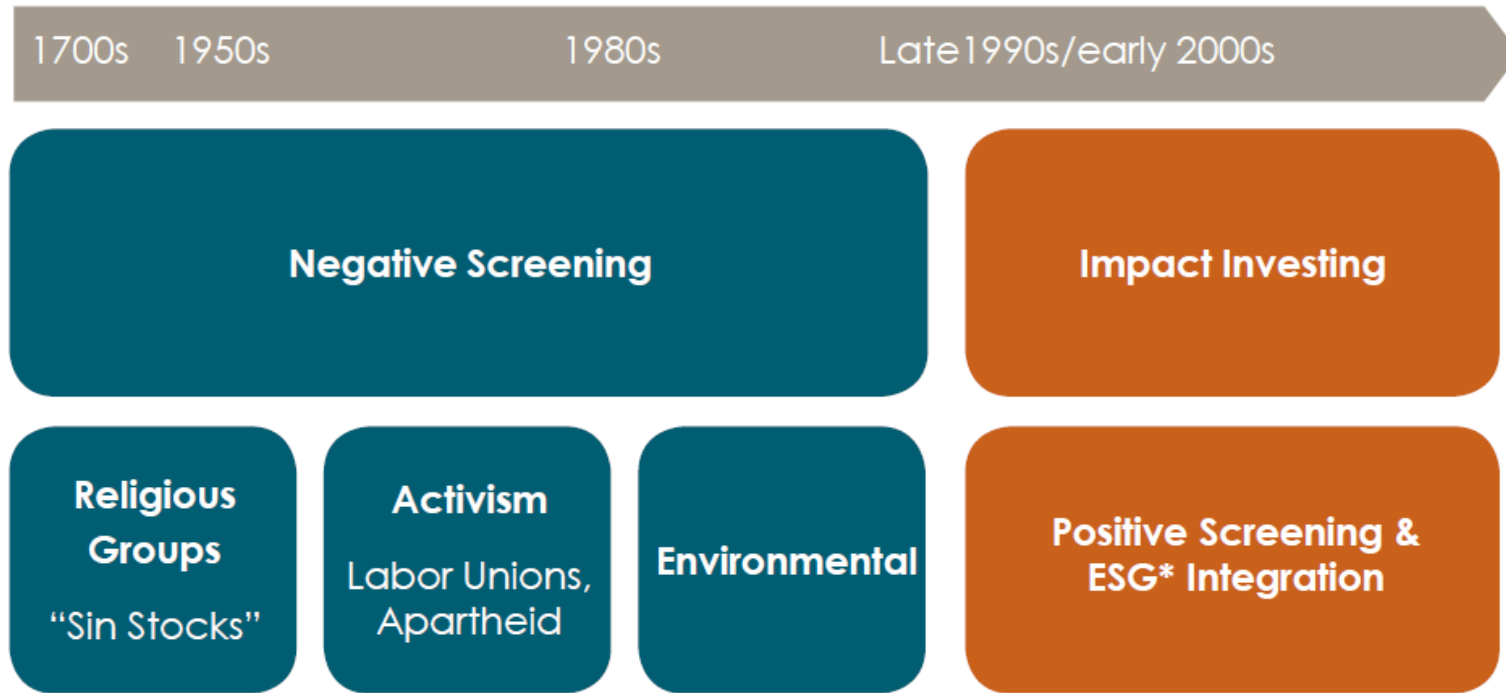
IMPACT INVESTING: WHY

- Growing data availability allows investors to better assess risk and return implications.
- Realization that capital can be used as a force for positive change.
- Increasing relevance among endowments, foundations and families.
- Impact investing is an important secular trend, not a short-term fad.

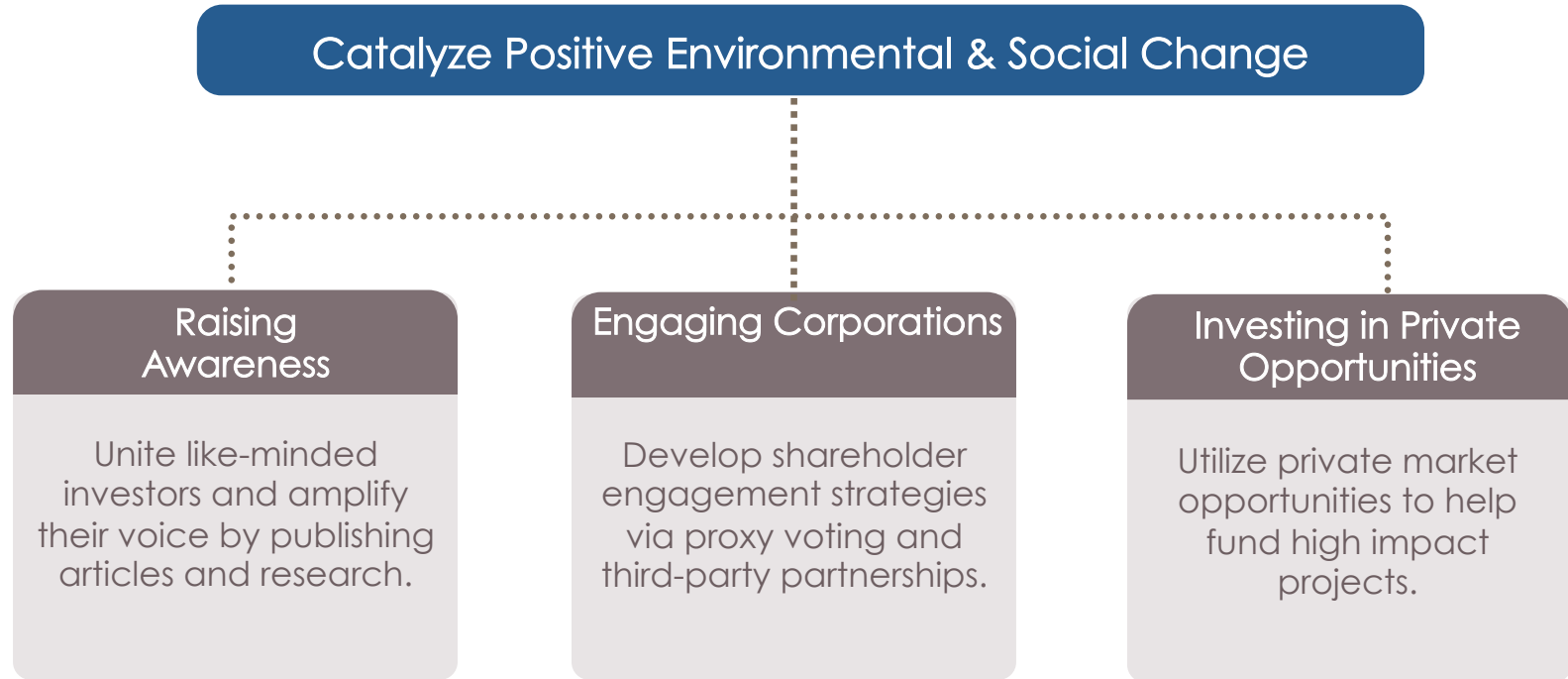
IMPACT INVESTING: HOW

- Proprietary and external strategies are used to deliver personalized, impact-oriented portfolios, diversified across public and private markets.

THE SHIFT FROM NEGATIVE SCREENING TO IMPACT INVESTING



* ESG — Environmental Social Governance



BEST-IN-CLASS: ENVIRONMENTAL, SOCIAL, & GOVERNANCE (ESG) DATA

ENVIRONMENTAL

- Carbon Emissions
- Renewable Energy
- Water Stress
- Pollution & Waste
- Packaging Material & Waste

SOCIAL

- Diversity & Inclusion
- Labor Management
- Health & Safety
- Data Security
- Product Safety & Quality

GOVERNANCE

- Business Ethics
- Independent Directors
- High Audit Standards
- Corruption & Instability
- Executive Compensation

Global Equity ESG Index vs. Traditional Global Equity Index*

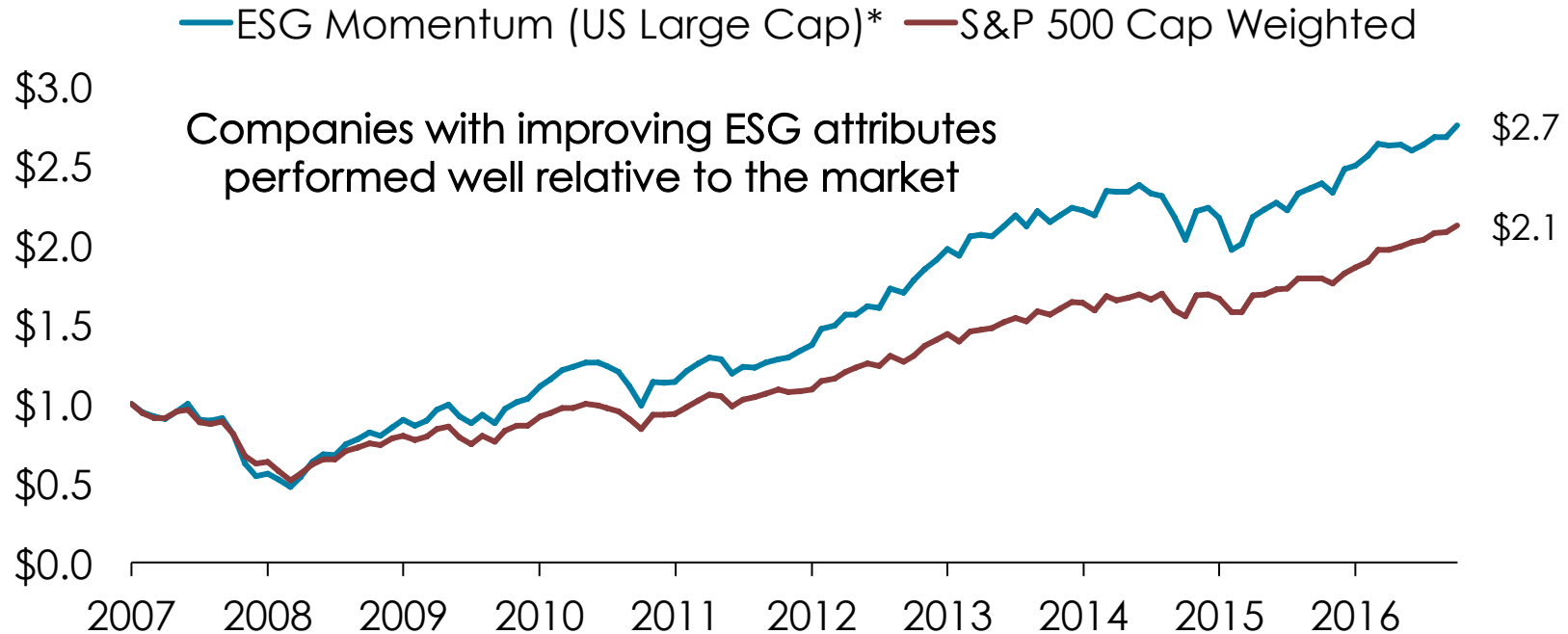


Source: MSCI, FactSet

*We are comparing MSCI's All Country ESG Index vs. MSCI's standard All Country Index from inception on Oct. 2007 through September 2017. Relative risk is measured by the annualized standard deviation of MSCI's All Country ESG Index less the standard deviation of MSCI's standard All Country Index. This is historical performance which may not be repeated.

The MSCI ACWI indices are unmanaged, total return indices with dividends reinvested. One cannot invest directly in an index.

GROWTH OF \$1: ENVIRONMENTAL, SOCIAL, & GOVERNANCE (ESG) STRATEGY



Source: Glenmede, MSCI

Data thru 9/30/2017

*ESG Momentum is an equally weighted composite of top 100 stocks with the greatest improvement in ESG scores over the prior 12 months. This is historical performance which may not be repeated.

The S&P 500 (equal weight) is an unmanaged, total return index with dividends reinvested. One cannot invest directly in an index.

MERGE INVESTMENT & IMPACT GOALS TO CREATE AN IMPACT PORTFOLIO



- Explore areas of interest
- Define level of commitment
- Target specific initiatives

- Define investment timeline, spending needs and risk tolerance
- Understand administrative and reporting needs

- Create the Impact & Investment Policy Statement (IIPS)
- Develop customized, diversified impact portfolio
- Measure “impact” and adherence to investment goals

SIGN UP AT [IMPACTJOURNAL.COM](https://impactjournal.com) TO RECEIVE A NEWSLETTER VIA EMAIL

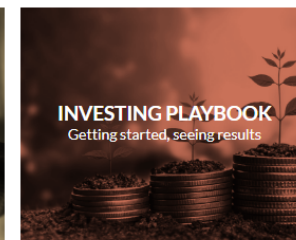
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THE IMPACT JOURNAL

Investing for the Future



[Planet](#) [Society](#) [Faith](#) [Investing Playbook](#) [About](#)



DISCLOSURE

Performance data quoted represents past performance; past performance does not guarantee future results.

The MSCI ACWI ESG Index is an unmanaged, market-value weighted index with dividends reinvested, which represents performance of the large and mid-cap companies with high Environmental, Social, and Governance performance relative to sector peers, across developed and emerging market Countries around the world. You cannot invest in an index.

The MSCI ACWI Index is an unmanaged, market-value weighted index with dividends reinvested, which represents performance of the large and mid-cap companies across developed and emerging market countries around the world. You cannot invest in an index.

The S&P 500 Index consists of 500 widely held common stocks. This unmanaged index is a total return index with dividends reinvested. One cannot invest directly in an index. Total returns comprise price appreciation/depreciation and income as a percentage of the original investment.

Not every product is suitable for every investor; decisions about what to invest in are individualized and will depend on facts and circumstances. Alternative funds are typically open only to investors meeting certain minimum qualifications, and there is no assurance that an application to invest will be accepted. Managers generally charge fees for these products in addition to other fees which may be charged by Glenmede. All investment has risk, including risk of the loss of principal. Please discuss all questions you may have regarding matters raised here with your Glenmede representative.

Northpointe Apartments Video

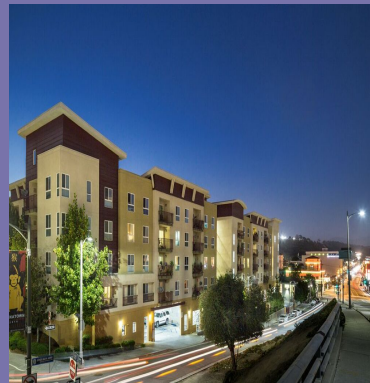
<https://vimeo.com/207521487>





INSIGHTS & IDEAS
Centennial Conversation
November 3, 2017

St. Mark's Episcopal Cathedral, Minneapolis, MN

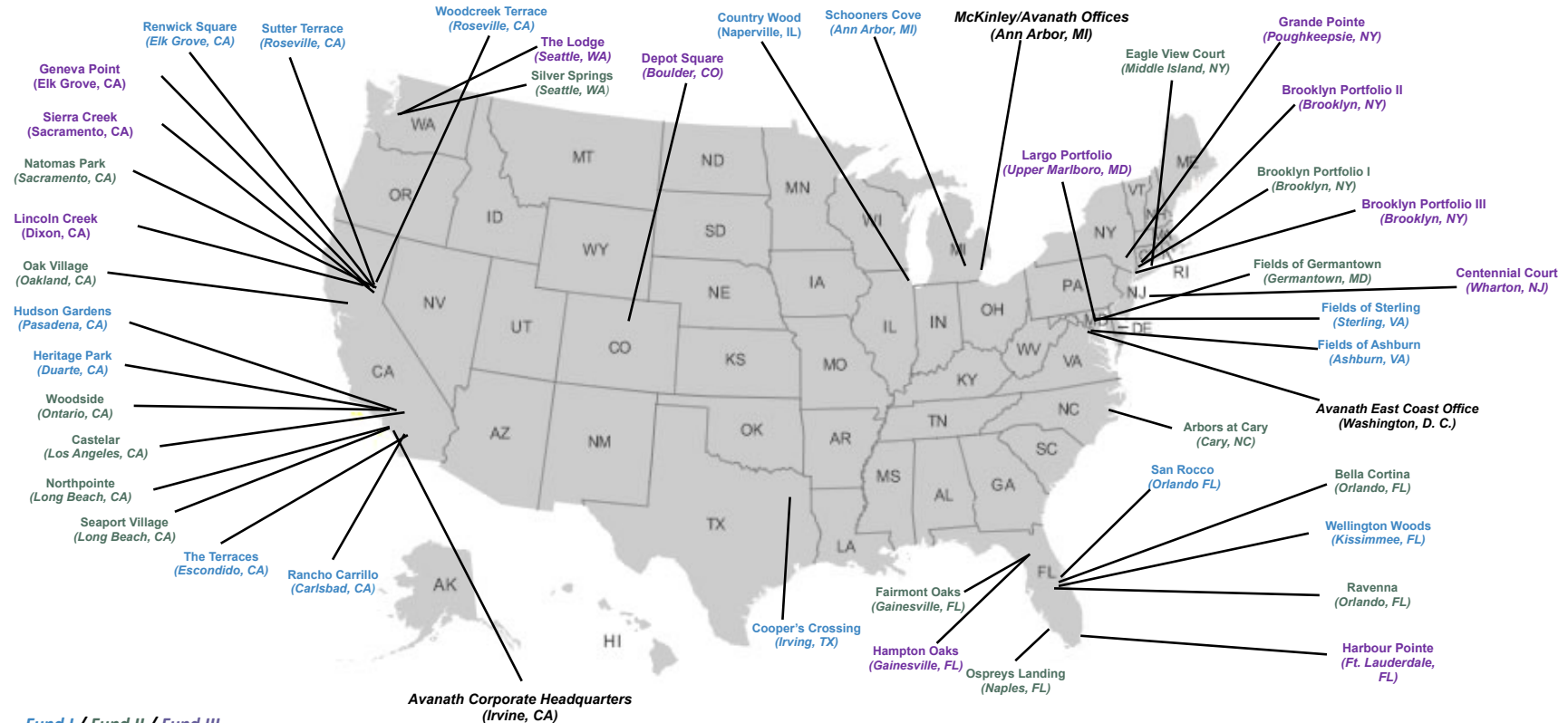


avanath+
LIFESTYLE WITHIN REACH

about Avanath

- » California based, investment firm focused on acquiring, renovating, and managing affordable and workforce housing throughout the U.S.
- » Target Investment returns of 11% – 15%
- » Portfolio comprised of 59 properties and 7,000 units, with a total valuation of \$1.5 billion, owned in propriety fund partnerships with 26 institutional investors.
- » Holistic investment approach – invest in brick and mortar and in services and activities that support the betterment of the community and our residents.
- » 150 professionals nationwide and highly diverse company

avanath's footprint



Fund I / Fund II / Fund III

history



9383 Kentucky
Detroit, MI



Philosophy – respect, dignity, service

“ I believe that the root cause of the current challenges in African-American communities – urban violence and police/ community matters – is a lack of investment in those communities. ”

Daryl Carter, Avanath Newsletter
Fall 2017

“ Stable, affordable housing may reduce the frequency of unwanted moves that lead children to experience disruptions in home life or educational instruction. ”

Center for Housing Policy, Housing Policy Research dated May 2011

Home	vs	Apartment
Resident	vs	Tenant
Community	vs	Complex

“ We can start with housing, the sturdiest of footholds for economic mobility. A national affordable housing program would be an anti-poverty effort, human capital investment, community improvement plan, and public health initiative all rolled into one.”

community investment

Community investment programs in our portfolio include:

- » Job readiness and career workshops
- » Adult education classes (including computer training)
- » After school and summer youth programs
- » Financial literacy in various languages
- » Health, fitness and nutrition classes
- » Sport clinics (including basketball and football clinics)
- » At risk youth mentor programs
- » Community meetings
- » Senior outings
- » Holiday celebrations



sustainability strategy

Environmentally sustainable improvements in our portfolio include:

- » Solar panels
- » High-efficiency LED lighting
- » HVAC upgrades
- » Artificial turf in high traffic areas
- » Drought tolerant landscaping
- » Active monitoring of energy & water consumption





Schooner Cove
Ypsilanti, MI

case study

Schooner Cove – YMCA program

- » Avanath partnered with the YMCA to teach swimming lessons to area youth
- » Children at the program learned life saving techniques and pool etiquette while having fun with their friends.
- » The program has increased from 15 children in 2015 to 128 in 2017.





case study

Heritage Park– Community Gardening Club

- » Resident driven program, funded by Avanath
- » Enhances quality of community, provides engagement opportunity for residents





**Acclaim at Sterling
Sterling, VA**

case study

Acclaim at Sterling-Good Shepard Alliance

Avanath and its residents participate in the following community outreach programs:

- » Meal prep and distribution of bagged meals for seniors through the Lona Senior Services
- » Collecting and sorting books for local distributions





Bella Cortina
Orlando, Florida

case study – smart renovation

Bella Cortina, Orlando, FL



Before



After

case study – smart renovation

Bella Cortina, Orlando, FL



Before



After

case study – smart renovation

Bella Cortina, Orlando, FL



Before



After

empowerment programs

Success In Challenges After School Program

Goals for Students

- » Increasing academic achievement;
- » Increasing cultural awareness;
- » Character development/leadership ability
- » Increasing parental involvement.



impact measurement

USC
Dornsife
*Center for Religion
and Civic Culture*
*Cecil Murray Center for
Community Engagement*

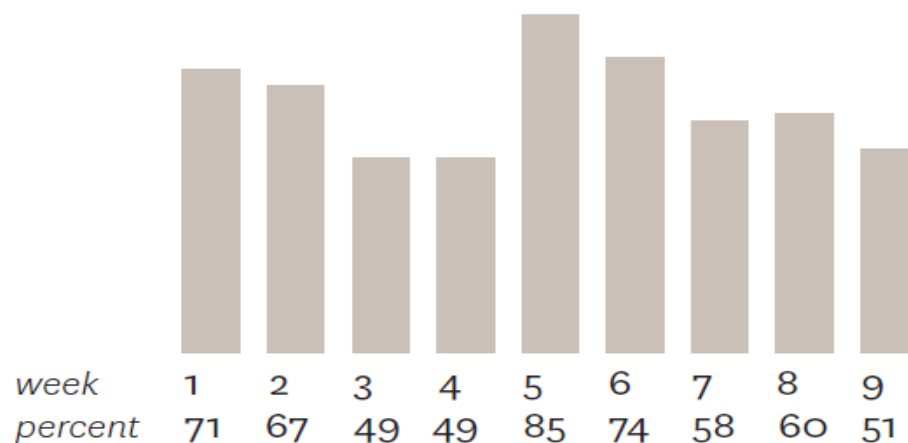
Reimagining IMPACT
Doing Good and Measuring Good



A study conducted by Brad Christensen, Professor of Sociology at Biola University and Richard Flory, Senior Director of Research Evaluations for the USC Center for Religion and Civic Culture.

youth education

Average percentage of children completing school homework on any given day, by week



Average for All Nine Weeks: **62%**

USC Center for Religion and Civic Culture – Reimagining Impact Study

Impact measurement

Increasing Voter Turnout

With more than 2,000 residents, Northpointe makes up a large majority of the voters in the voting precinct in which it is located. We examined public records to analyze voter turnout in that precinct. In the 2014 general election (before CORCDC began its civic engagement activities), this precinct had a registered voter turnout rate of only 9.5 percent. In the 2016 general election, after the community engagement activities of CORCDC had been implemented for 22 months, this precinct had a voter turnout of 50.4 percent, an increase of 40.9 percent. *USC Center for Religion and Civic Culture – Reimagining Impact Study.*



 **GET
REGISTERED.**
Make your voice **HEARD.**

sports



Before



After

Girls Basketball



“ Services to others is the rent you pay for your room here on earth. ”

Muhammad Ali

“ We cannot seek achievement for ourselves and forget about progress and prosperity for our community...Our ambitions must be broad enough to include the aspirations and needs of others, for their sake and for our own. ”

Cesar Chavez

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