

Socially Responsible Investing: Looking Ahead

View the video at www.cpg.org/SRI.

Anne Mallonee:

I am Anne Mallonee, Chief Ecclesiastical Officer for the Church Pension Group. Today I am speaking with Alan Snoddy, a Managing Director in our Investment Group. As you look ahead, where do you see this investment activity going for CPG and in the field of socially responsible investing?

Alan Snoddy:

I think there are a couple of interesting dynamics going on, one is in the micro-finance area that it is a very well-established market now. One of the things that microfinance institutions have done that larger banks and other institutions have not been able to do is to go that last mile to the actual customer in these rural villages. Now that these linkages have been made, and there are opportunities to get other interesting, helpful social products to these people. Whether it is off-grid solar or selling crop insurance, we are providing new ways of educating people on the way in which they are farming. These linkages that were made through microfinance are really reaching these individuals in a way that has not been done historically.

On the environmental sustainability side, the cost of battery storage has gone down dramatically. The cost of solar panels has gone down dramatically, and this is now allowing these areas to exist without subsidies and to operate profitably.

One area in which we are really interested in looking for ideas is in sustainable infrastructure. Whether it is wind, solar, or battery storage, there are a number of investments that we are exploring right now in these areas.

Mallonee:

Is there anything you think I ought to have asked you?

Snoddy:

I wish that we did not have this rate of return bar that we had to leap because there are so many interesting investment ideas out there, interesting ideas where you could invest money and make a real positive social change, but not get the required rate of return.

It is hard when you meet with investment managers and everything they are doing from a social standpoint really ticks all the boxes and you get really excited. However, when you really dig in, bring in the industry experts or the sector experts from the other parts of our investment team and the rate of return just does not work, it is disappointing for the people who are working it from the socially responsible investing standpoint that we cannot make it work from an investment standpoint.



Anne Mallonee
Executive Vice President and
Chief Ecclesiastical Officer



Alan Snoddy
Managing Director,
Investments

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This is one of the more sort of frustrating areas on our part, as there are so many things that we really want to do, but at the same time we really have to stay true to our fiduciary responsibility and focus on the rate-of-return.

I think that capital is trying to find its place in the market. There is one live example and this investment has not closed yet; it is a microfinance-type investment, although it is really focused more on the off-grid solar sector. It involves individual solar panels and electricity networks that can be put on an individual home that can power a couple of lights and a stove. These individuals are currently using kerosene, which is not good for the environment, or good for their health.

We are going to be the lead investor. There is another faith-based institution that, when they heard that we were looking at it, became very interested in it and we have been working on it together. They have certain issues that they want addressed and we have certain issues that we want addressed. They are thinking about how we compare this to other traditional fixed-income investments. We have different ways of looking at it, and by sharing ideas we can triangulate and not only make the product itself better, but also give us more comfort that this is an interesting investment idea.

Mallonee:

Do you think it'll become easier to find the really good investments?

Snoddy:

Absolutely. I certainly we hope so. I am confident that more and more people are focused on this space. Whether it is traditional institutions that are being pressured by shareholders, endowments that are being pressured by the students, or groups like The Church Pension Fund that are just interested in this area because it is the right thing to do, there is definitely more interest in this area. The more interest there is, the more capital that comes in, and the more managers come in. It is a positive feedback loop that is a virtuous cycle, and it is very exciting to be at the beginning stages of this and to be part of a catalyst in having this happen. I am very confident that the ability to make good rate-of-return investments in a socially responsible way will continue more and more as we go along.

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Alan Snoddy is a Managing Director in the Church Pension Group's Investments Department. He is responsible for overseeing the global real estate portfolio and assists in identifying socially responsible investment opportunities. He received a BA from The College of William & Mary and an MBA from Fordham University, from which he graduated with a 4.0 GPA. He is also a CFA® Charterholder.

The Rev. Canon Anne Mallonee serves as Executive Vice President and Chief Ecclesiastical Officer. Prior to joining CPG, Canon Mallonee served as Vicar and a member of the Senior Leadership Team at Trinity Wall Street in New York City. Before that, she spent several years as Interim Dean at Christ Church Cathedral, Hartford, CT, and served for six years at the Cathedral Church of St. Mark, Minneapolis, MN, the last two as Acting Dean. She is a graduate of the University of Kansas and received her MDiv from Berkeley Divinity School at Yale University. She serves as chief advisor to the CEO on all Church related matters and is a member of the CPG Executive Leadership Team.

To learn more about CPG's SRI-related initiatives, please visit cpg.org/sri. Members of the press who have an interest in speaking with Mr. Snoddy can contact Curt Ritter at critter@cpg.org.