



# **Socially Responsible Investing in the PC(USA)**

New Covenant Trust Company, N.A.

# NCTC- Who We Are

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- New Covenant Trust Company empowers churches, church institutions and church members to create and sustain healthy and vibrant ministries through faithful stewardship of their investments.
- Wholly owned subsidiary of the Presbyterian Foundation
- A limited purpose national bank regulated by the Office of the Comptroller of the Currency.
- Through a culture of servant leadership and unparalleled expertise, our people and our lasting relationships with our clients are our greatest assets.
- Our philosophy, approach and services are driven by the shared faith, values and integrity of the Presbyterian Church (U.S.A.).
- Our priority is the same now as it has always been — to take excellent care of each and every client, no matter the size of their account.

# What is Socially Responsible Investing?

CONSIDERING ESG ISSUES WHEN BUILDING A PORTFOLIO (known as: ESG incorporation)			IMPROVING INVESTEEES' ESG PERFORMANCE (known as: active ownership or stewardship)	
ESG issues can be incorporated into existing investment practices using a combination of three approaches: integration, screening and thematic.			Investors can encourage the companies they are already invested in to improve their ESG risk management or develop more sustainable business practices	
Integration	Screening	Thematic	Engagement	Proxy voting
Explicitly and systematically including ESG issues in investment analysis and decisions, to better manage risks and improve returns.	Applying filters to lists of potential investments to rule companies in or out of contention for investment, based on an investor's preferences, values or ethics	Seeking to combine attractive risk return profiles with an intention to contribute to a specific environmental or social outcome. Includes impact investing.	Discussing ESG issues with companies to improve their handling, including disclosure, of such issues. Can be done individually, or in collaboration with other investors.	Formally expressing approval or disapproval through voting on resolutions and proposing shareholder resolutions on specific ESG issues.

Sources: United Nations Principles for Responsible Investment

# Negative Screening

The divestment of industries or companies that are incompatible with an investor's values. Examples include manufacturers of weapons of war, for-profit-prisons, tobacco companies, or human rights violators. Negative divestment is often viewed as a last resort, as it ends the investor's relationship with the company.

Example: New Covenant Trust  
Company Fossil Fuel Free Strategy



# Positive Integration Screening



The evaluation of companies based on positive characteristics and highlighting and over weighting the ‘best-in-class’ companies within their industries. Rewards companies for maintaining best practices and pressures Corporate America to keep up on ESG ratings.

Example: NCTC Diversity, Equity, and Inclusion strategy

# Positive Integration Screening



Companies in the pursuant portfolio have the following characteristics:

- 76% higher levels of diverse executives than the index average
- 42% higher levels of diverse board members than the index average
- 38% higher levels of women executives than the index average
- 25% higher levels of women board members than the index average

Image Source: [marketplace.org](https://www.marketplace.org)

# Impact Investing/ Thematic

## Praxis supports rebuilding lives through small-business financing

Founded in 1988 and headquartered in Minneapolis, Minnesota, Community Reinvestment Fund, USA (CRF) is a small-business lender committed to spreading economic equity across the country. CRF provides capital to communities with economic challenges and raises that capital from financial institutions, socially motivated investors, foundations and individual donors. The loans CRF extends to borrowers help establish new businesses, expand operations and create jobs. CRF also finances nonprofits so they can build community facilities that provide needed neighborhood amenities.



CRF's work fosters long-term community revitalization through sustained business investment and allows borrowers to grow their operations, build equity, hire employees, and contribute to the improvement of their neighborhoods.

Since its inception, CRF has had impressive results, providing over \$3 billion in financing in 49 U.S. states and the District of Columbia which has improved the lives of 1.85 million people. This financing has led to the creation and retention of 134,000 jobs, the development of community facilities serving more than 1.3 million people annually, and financing for thousands of minority and/or women-owned businesses.

### Impact story - Urban Roots Inc.

Urban Roots provides landscaping, snow removal, and janitorial services to residential, commercial and industrial properties throughout the Chicagoland region. The company fills a critical need for employment in the community by offering jobs to people who may have difficulty finding other employment. Owner Jimmie Williams and his wife Tiffany started Urban Roots Inc. in 2008 because he had a hard time finding a job due to his criminal past. The business has grown slowly and steadily during the past 10 years, increasing revenue each year but struggling in years with little snowfall.



Urban Roots

Through CRF, Urban Roots Inc. was able to get a much-needed business loan to expand its services, bid on larger projects, purchase equipment and create more jobs. CRF was able to provide a \$140,000 Patient Capital small-business

# Responsible Investing Should be Good Investing

**Performance** 12-31-2022

## Investment Activity Graph

— Portfolio Gross — Benchmark  
— Portfolio Net Final Mkt Val: \$32,059



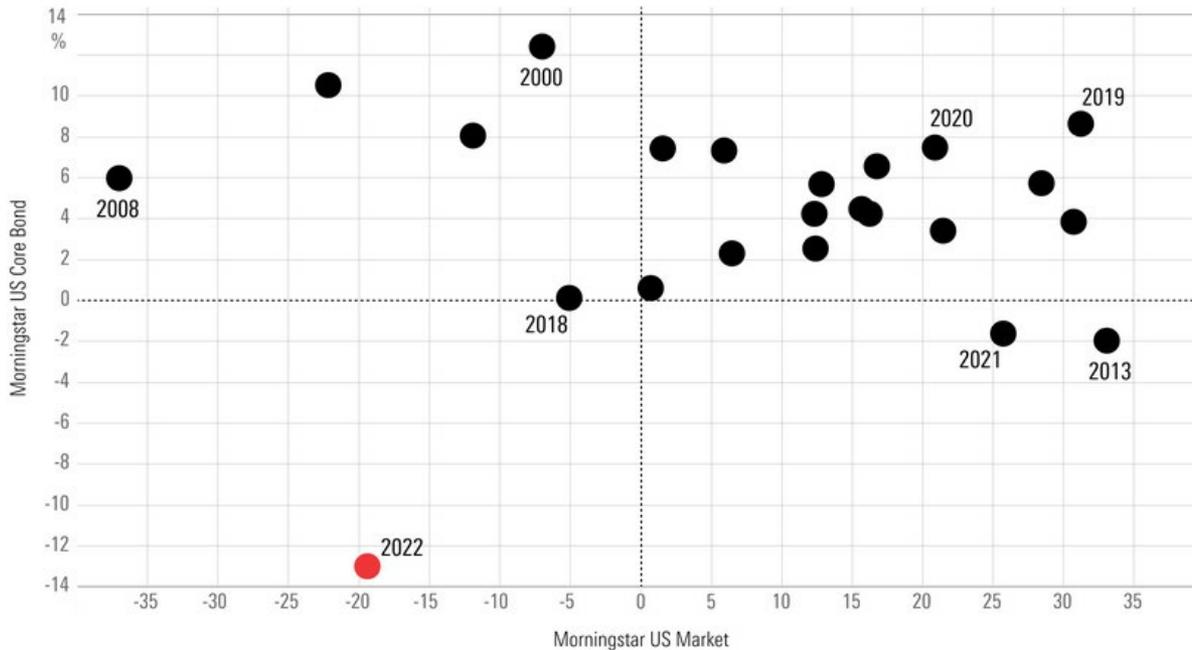
Trailing Returns	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr	Since Inception
Portfolio Return-Gross	8.90	-21.38	8.53	9.76	12.35	12.35
Portfolio Return-Net	8.90	-21.38	8.53	9.76	12.35	12.35
Benchmark Return	7.24	-19.13	7.34	9.13	12.37	12.37
Relative Return	1.66	-2.25	1.19	0.63	-0.02	-0.02

Portfolio Inception Date: 12-31-2012

*MSCI USA ESG Select  
ETF- SUSA  
10 year return 12-31-2022  
Past performance is not an  
indication or a guarantee  
of future returns*

# 2022 Was a Miserable Year for Markets

## U.S. Stock and Bond Performance Since 2000



2022 Themes:

1. Stretched Valuations
2. Inflation
  - Interest Rates
3. Russia/Ukraine

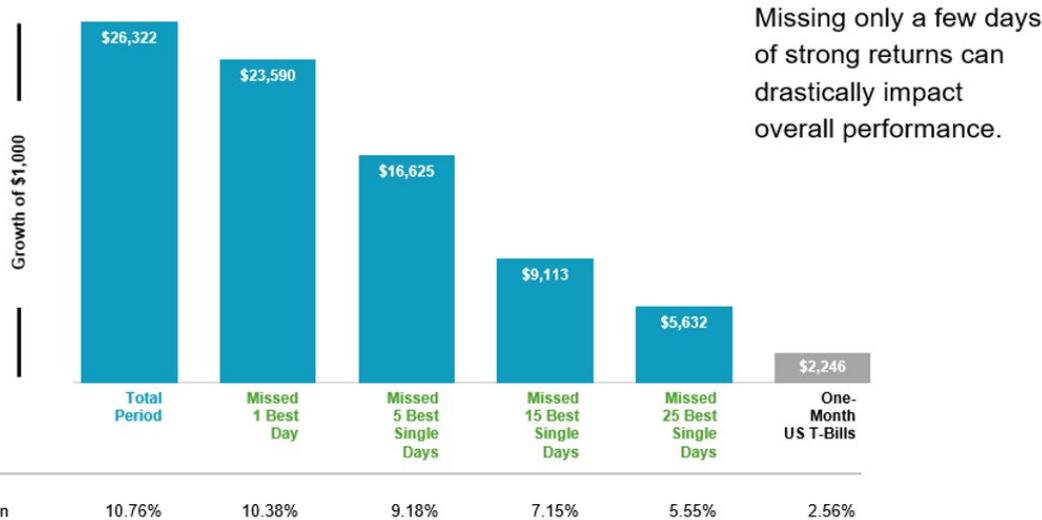
Source: Morningstar Direct, Morningstar Indexes. Data as of December 31, 2022.  
Total return USD.



# Tips for Investors in Down Markets

## Reacting Can Hurt Performance

Performance of the S&P 500 Index, 1990–2021



1. Only make significant changes to your allocation if there are changes in your situation, not based on near term volatility.
2. Evaluate opportunities for income.
3. Remain diversified
4. Work closely with your Financial Professional.

Indices are not available for direct investment. Their performance does not reflect the expenses associated with the management of an actual portfolio. Past performance is not a guarantee of future results. In US dollars. For illustrative purposes. The missed best day(s) examples assume that the hypothetical portfolio fully divested its holdings at the end of the day before the missed best day(s), held cash for the missed best day(s), and reinvested the entire portfolio in the S&P 500 at the end of the missed best day(s). Annualized returns for the missed best day(s) were calculated by substituting actual returns for the missed best day(s) with zero. S&P data © 2022 S&P Dow Jones Indices LLC, a division of S&P Global. All rights reserved. "One-Month US T-Bills" is the IA SBBI US 30 Day T-Bill TR USD, provided by Ibbotson Associates via Morningstar Direct. Data is calculated off rounded daily index values.

# Long Term Context

Performance 12-31-2022

**Investment Activity Graph**    Portfolio Gross    Benchmark  
 Portfolio Net    Final Mkt Val: \$857,312



Trailing Returns	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr	Since Inception
Portfolio Return-Gross	6.29	-16.01	2.41	4.39	6.77	7.42
Portfolio Return-Net	6.29	-16.02	2.41	4.39	6.77	7.42
Benchmark Return	6.63	-15.73	2.60	4.53	6.76	7.29
Relative Return	-0.34	-0.29	-0.19	-0.14	0.01	0.13

Portfolio Inception Date: 12-31-1992

*60-40 Portfolio*  
 30 year return 12-31-2022  
 45% Russell 3000, 15%  
 MSCI EAFE, 40%  
 Bloomberg US Agg Bond  
 Index  
 Past performance is not an  
 indication or a guarantee  
 of future returns.

# Additional Resources

Along the Road



New Episodes Every Wednesday!

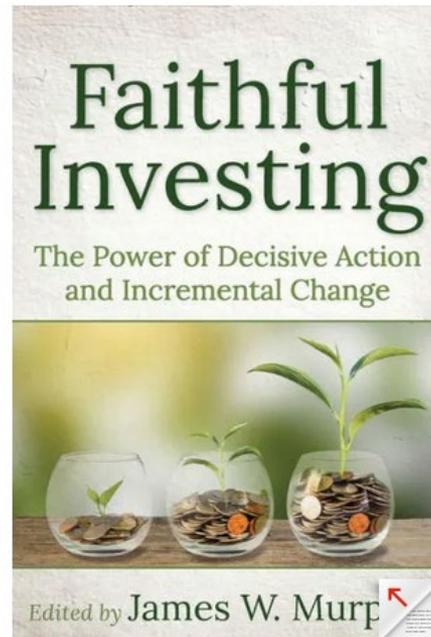


Along the Road Podcast:

<https://oga.pcusa.org/section/mid-council-ministries/mid-council-ministries/podcast-along-the-road/>

Faithful Investing:  
Includes chapters by  
PC(USA) Authors!

[ChurchPublishing.org: Faithful Investing](http://ChurchPublishing.org: Faithful Investing)



# You Can Be a Responsible Investor!

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We're here to help you at any stage of your investment journey.

New Covenant Trust Company  
[newcovenanttrust.com](http://newcovenanttrust.com)  
800-858-6127 x6

You can also reach out to your Ministry Relations Officer (MRO) at [presbyterianfoundation.org/mro](http://presbyterianfoundation.org/mro)





A Subsidiary of the  
Presbyterian Foundation

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