

Second Vatican Conference on Impact Investing –
Making the Year of Mercy a Year of Impact for the Poor

Investing Catholic Funds for Impact

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Rev. Séamus Finn, OMI, Interfaith Center on Corporate Responsibility, OIP Trust

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OIP INVESTMENT TRUST
GUIDED BY FAITH

Investing Catholic Funds for Impact on the Poor

25 years old: \$407 million

Service for smaller units of the congregation

135 participants Originally/Now Open to other RC Entities

Investment Vision: Global mandate and diversification of assets

\$50 million in market rate Private Equity impact funds

\$ 4 million in concessional rate Impact funds

Impact Investments

Socially beneficial goal

Market returns (not concessional)

Willing to accept higher risk profile

- Newer funds so not a clear track record
- New or young teams
- Smaller capitalization
- Risker markets

Current Impact Investments

8 Miles Fund - \$10M

Sofinnova Healthquest I- \$5M

Neuberger Berman Real Estate- \$5M

Elevar Equity III - \$10M

Healthquest II- \$10M

Pembani-Remgro- \$10M

10 Additional Funds under consideration by Board

About Elevar: OIP/\$10m committed

Every community and person has intrinsic economic and social value. Accordingly, our entire investment focus is to capitalize entrepreneurs who create global systems access for disconnected communities.

The performance of our portfolio companies demonstrates that the connections formed between economically vibrant, yet disconnected communities and mainstream markets can deliver high economic returns.

24 companies in 7 countries (India, Peru, Mexico, Philippines)

40,000 jobs created by their companies

www.elevarequity.com

PEMBANI REMGRO

Category	Assets	Commitment
Illiquid – Impact Manager Infrastructure Africa	\$3M	\$10M

Communication Update

- Investment Period just beginning

8 Miles

Sub Sahara Africa

OIP has a \$10 m commitment to 8 Miles

OIP invested 2012

190m total committed by investors

122m called (64%) as of May 2016

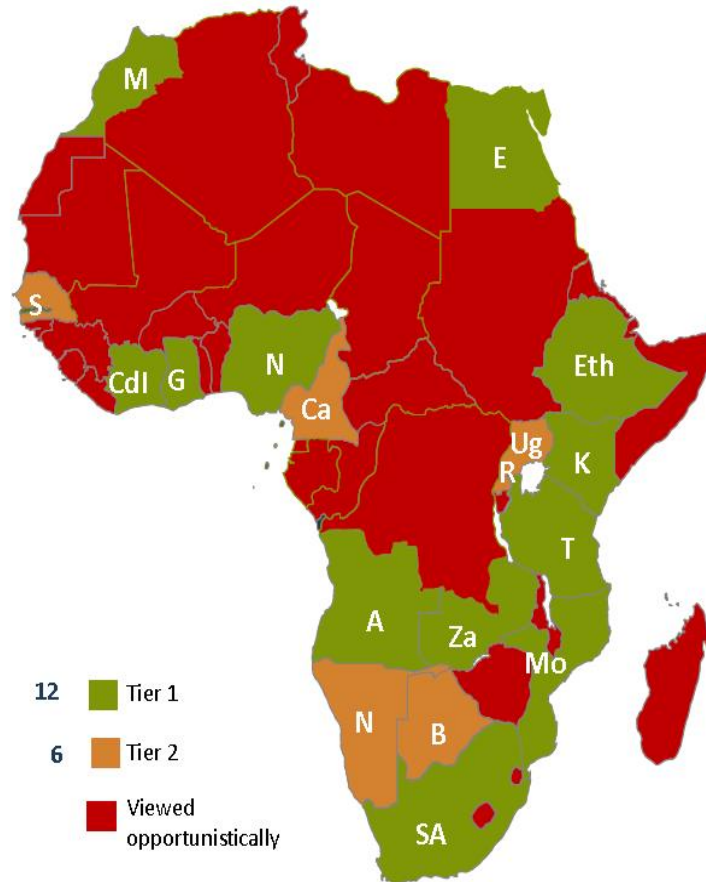
Live Transactions

Sector and Country Focus



Key Selection Criteria

- GDP and GDP per capita
- Macroeconomic trends
- Demographics
- Business climate
- Political risk/Governance
- Investment opportunities
- 8 Miles experience and network





Investment Date February 2015

Region Uganda

Sector Financial Services

8 Miles Capital Invested US\$ 16.0

Ownership 8 Miles – 42%

Founders – 49% Local Investors – 9%

335 Employees

21 Branches

Investment Rationale at acquisition

Growth Potential The sector offers significant growth potential as Uganda has a largely unbanked population of ~80%

oUntapped balance sheet: Solid deposit base, with increasing share of CASA deposits, combined with a low loan-to-deposit ratio

Founders Commitment

The founders, who remained shareholders throughout, increased their collective shareholding from 20% to 49%

Verde BEEF



Investment Rationale at acquisition

Underdeveloped sector with significant growth potential

Ethiopia represents an ideal opportunity as it has the largest cattle population in Africa (the fifth largest in the world) and yet lags far behind in beef production

This is due to the absence of professionally operated feedlots, resulting in poorly-nourished bulls that weigh in at a fraction of normal abattoir weights

Investment Date Nov 2015

Region Ethiopia
Sector Agribusiness

8 Miles Invested US\$ 7.0m

350 Employees
5,800 head of beef
100% export sales

AWASH Wines



Investment Rationale at acquisition

Attractive market dynamics

Per capita wine consumption in the country well below that in other African countries

Favourable macro and demographic trends in Ethiopia

Competitive advantage

Strong competitive position - former monopoly player

Strong brand recognition across the country

Under-leveraged asset base

Capacity expansion potential with existing asset base

Attractive real estate asset profile

Investment Date September 2013
(2014 follow-on investment)

Region Ethiopia

Sector Consumer Goods & Retail

8 Miles Capital Invested US\$ 23.7m

Ownership 8 Miles – 79.6%

500 Employees

7 million litres sold

Concessional Rate of Return Investments

Up to 1% of OIP assets (currently \$4M)

Socially beneficial goal

Less than market rate of return

Current Concessional Investments

Sustainability-Finance-Real Economies (SFRE)

- Investment generally equity in banks that subscribe to the Global Alliance Banking for Values criteria

MicroVest+Plus, LP

- Microfinance- Non US

Global Partnerships

- Microfinance- Non US

Liftfund

- Microfinance- venture loans US

GP SOCIAL INVESTMENT FUND

Category	Assets	Commitment
Illiquid – SRI	\$.2M	\$.5M

Communication Update

- Notes- first payable in March 2016, paid, - then 2018- then 2020 and 2022
- Interest rate ratchets up – 5% for the longest term



**GLOBAL
PARTNERSHIPS**
www.globalpartnerships.org

Global Partnerships
ANNUAL IMPACT UPDATE
January 1 - December 31, 2015

OIP has a \$.5 million loan with four different tranches that depending on the maturation of the loan the interest rate varies from 1% - 5%

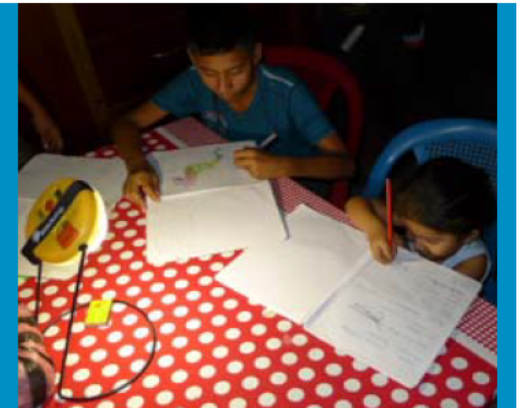


Solar Lights

Improving Economic Position and Quality of Life

Roughly 1.2 billion people worldwide have no access to electricity and spend an estimated \$27 billion annually on dangerous alternatives such as kerosene lamps, candles and car batteries.

Global Partnerships (GP) invests in manufacturers and distributors that provide households living beyond the grid with access to solar lights and small solar home systems.



Who is Served?

The target demographic is beyond the grid populations, many of whom are also living on less than \$3.10/day.

What is Delivered?

- Solar lights
- Solar lights with mobile charging
- Small solar home systems

Why is it Impactful?

Household economics and quality of life improve as clients see:

- Reductions in fuel and phone charging costs
- Increased productivity
- Decreased smoke from kerosene
- Increased study time for their children

How is it Sustained?

The client pays for the product upfront or through a pay-as-you-go model. Once paid off, the solar light products create savings compared to ongoing spending on kerosene or candles.

By the Numbers

SINCE INCEPTION

\$3,445,133 Capital Deployed

7 Partners

2,093,077 Units Sold

2015 CALENDAR YEAR

\$500,000 Capital Deployed

7 Partners

1,305,426 Units Sold



Women-Centered Finance with Education

Building Economic Resilience

An estimated 2 billion adults lack access to formal financial services and the unbanked are disproportionately female, with 42 percent of women worldwide living without access to a bank account.

Global Partnerships aims to empower women living in poverty by investing in microfinance institutions (MFIs) that deliver credit and savings plus education.



Who is Served?

The target demographic is female microentrepreneurs living on less than \$3.10/day.

What is Delivered?

- Small-to-medium size working capital loans, often delivered through the village bank
- Access to savings
- Education covering topics such as basic financial literacy, health, nutrition, business, and money management

Why is it Impactful?

Household resilience improves because women are agents of change. With access to financial services and education they are able to:

- Make more informed decisions
- Smooth household income and consumption
- Build assets
- Better deal with health and economic shocks

How is it Sustained?

The interest rate charged for the loan is used to cover the marginal cost of education delivery.

By the Numbers

SINCE INCEPTION

\$79,095,479 Capital Deployed
45 Partners
1,790,643 Lives Impacted

2015 CALENDAR YEAR

\$7,681,139 Capital Deployed
17 Partners
825,053 Clients
61% Rural Clients
88% Female Clients
640,865 Borrowers
\$669 Average Loan Size
380,503 Savers
499,685 Individuals Trained



Women-Centered Finance with Health

Improving Health and Economic Position

An estimated 1.3 billion people worldwide have no access to effective and affordable health services. This lack of access and burden of disease continue to be shouldered disproportionately by women.

Global Partnerships (GP) aims to improve the health of women living in poverty by investing in microfinance institutions (MFIs) that deliver credit and savings plus access to basic health services.



Who is Served?

The target demographic is female microentrepreneurs living on less than \$3.10/day.

What is Delivered?

- Small-to-medium size working capital loans delivered through the village bank
- Access to savings
- Preventive health education and/or screening
- Access to primary care for the client and her family

Why is it Impactful?

Household health and economic position improves because women are agents of change. With access to financial and health services they are able to:

- Practice prevention
- Make more informed decisions
- Seek timely treatment
- Better deal with the costs associated with a health event

How is it Sustained?

Discounted health services may be delivered directly by the financial institution or through a third party or insurance model, with costs covered via pre-paid subscription packages or fee for service.

By the Numbers

SINCE INCEPTION

\$34,368,693 Capital Deployed
18 Partners
1,313,020 Lives Impacted

2015 CALENDAR YEAR

\$5,228,244 Capital Deployed
11 Partners
513,791 Clients
45% Rural Clients
82% Female Clients
466,672 Borrowers
\$930 Average Loan Size
203,174 Savers
296,806 Individuals Trained
299,234 Instances of Medical Attention



Rural-Centered Finance with Education

Improving Economic Position and Wellbeing

An estimated 2 billion adults lack access to formal financial services and 58 percent of the world's rural population does not have access to any sort of financial services account.

Global Partnerships (GP) invests in financial institutions that deliver tailored credit and education to underserved, rural households, which remain largely reliant on agriculture and livestock activities.



Who is Served?

The target demographic is rural households that live on less than \$3.10/ day and rely on farming as one of many economic activities to survive.

What is Delivered?

- Working capital loans tailored to the productive activity
- Education customized to the clients specific needs and sources of livelihood but typically covering topics such as basic financial literacy, book keeping, livestock management and household nutrition

Why is it Impactful?

Rural household economic well-being, resilience and food security improves due to:

- Increased business profit from productive investments;
- Diversification of income sources;
- Better able to anticipate economic shocks;
- More informed decisions

How is it Sustained?

Individual loans are tailored to meet client needs while the cost of education delivery is covered by the interest rate charged on those loan.

By the Numbers

SINCE INCEPTION

\$53,861,168 Capital Deployed

20 Partners

545,498 Lives Impacted

2015 CALENDAR YEAR

\$6,800,000 Capital Deployed

15 Partners

218,529 Clients

69% Rural Clients

47% Female Clients

203,999 Borrowers

\$1,844 Average Loan Size

52,508 Individuals Trained



Smallholder Farmer Services

Increasing and/or Stabilizing Incomes

There are an estimated 450 to 500 million smallholder farmers in the world. Smallholder farming is often characterized by lack of information, low quality or improper use of inputs, and poor planting practices.

Global Partnerships (GP) invests in agricultural businesses that provide improved market access and technical assistance to smallholder farmers.



Who is Served?

The target demographic is smallholder farmers that manage fewer than five hectares and live on less than \$3.10/day.

What is Delivered?

- Access to markets and higher prices via purchase contracts and price premiums
- Crop-focused technical assistance and basic financial management

Why is it Impactful?

Household incomes increase and/or stabilize as smallholder farmers:

- Make better use of inputs
- Reduce postharvest losses
- Diversify their crops
- Increase and/or stabilize yields
- Obtain higher and/or more stable prices

How is it Sustained?

The agribusiness purchases products from smallholder farmers and sells to international or domestic buyers. The cost of technical assistance is funded by the enterprise's sales margin.

By the Numbers

SINCE INCEPTION

\$19,041,749 Capital Deployed

13 Partners

73,977 Lives Impacted

2015 CALENDAR YEAR

\$8,506,500 Capital Deployed

11 Partners

67,719 Farmers

100% Rural Farmers

21% Female Farmers

50,748 Individuals Trained

92,669 Tons of **Chia, Coffee, and Sesame** Purchased from Farmers

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2016 Vatican Conference on Impact Investing

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Impact Investment Strategy

OUR IMPACT OBJECTIVES are intended to align with a Catholic heritage and are core to Ascension's mission "to serve all persons, with special attention to the poor and vulnerable."

OUR GOAL is to make investments that we believe will generate beneficial social and/or environmental impact, while seeking a market-based return for our investors.

OUR STRATEGY focuses primarily on private fund investments, that we believe actively further a socially responsible mission. These funds make investments in private companies rather than on public exchanges (i.e., the stock market).

Social Improvement

IMPROVING ACCESS TO SOCIAL SERVICES FOR THE POOR AND VULNERABLE

- FOOD AND NUTRITION
- ADEQUATE AND AFFORDABLE HOUSING
- HEALTH AND HEALTHCARE
- FINANCIAL SERVICES
- EDUCATION

Environmental Stewardship

ETHICAL AND RESPONSIBLE PLANNING AND MANAGEMENT OF RESOURCES

- ENVIRONMENTAL CONSERVATION
- RESOURCE CONSERVATION & PRODUCTIVITY
- "GREEN" PRODUCTS/CLEAN TECHNOLOGIES
- RENEWABLE ENERGY
- CLEAN WATER

Impact Investment Strategy Overview

- Ascension Investment Management (“AIM”) initiated its Impact Investing efforts (the “Impact Investment Strategy”) in September 2014.
- Six Catholic institutional investors allocated a total of \$50 million to the Impact Investment Strategy.
- To date, AIM has allocated \$43 million of the \$50 million total among five Impact Investments.
 - AIM expects to select a sixth and final investment for this strategy in the 3rd Quarter 2016
- Investor Input
 - Representatives from each investor in AIM’s Impact Investment Strategy meet quarterly to review current and potential future investments

Impact Investment Strategy Investments

(As of June 30, 2016)

- Emerging markets food production fund
- Technology-focused food & agribusiness fund
- Latin American low/middle income housing fund
- African renewable energy strategy
- Emerging markets-focused financial services fund
- [Prospective investment in healthcare-related company]

Emerging Markets Food Production Fund

IMPACT THESIS:	<ul style="list-style-type: none"> • Food safety and food security is a global priority, especially in developing economies.
IMPACT SOLUTION:	<ul style="list-style-type: none"> • Production and delivery of safe, affordable, nutritious food in developing countries. • Introduction of more efficient farming techniques and agricultural business models.
INVESTMENT STRATEGY:	<ul style="list-style-type: none"> • Private equity investments in companies across the food and agriculture sectors • Protein production: Dairy, poultry, pork, beef, and aquaculture • Value-added food processing: Dairy, fruits, vegetables, and packaged foods • Supply chain: Cold chain storage, logistics, and warehousing
PORTFOLIO COMPANY EXAMPLE:	<ul style="list-style-type: none"> • Chinese dairy farms located in Inner Mongolia
SOCIAL IMPACT METRICS:	<ul style="list-style-type: none"> • Improved milk yields (Kilogram per cow per day) • Product quality as measured by animal health (lower incidence of disease) • Sustainably managing solid waste (% of solid waste recycled as compost) • Amount of energy produced from waste processed in bio-digesters to heat boilers

Technology-Focused Food and Agribusiness Fund

IMPACT THESIS:	<ul style="list-style-type: none"> • Agricultural productivity and sustainability are a major issue globally. • Climate change, scarce land and water resources, environmental degradation, and food safety issues are driving the demand for long-term, innovative solutions.
IMPACT SOLUTION:	<ul style="list-style-type: none"> • Develop technological solutions to enhance crop production; food safety; animal health & nutrition; green chemicals; renewable energy; resource conservation & water usage.
INVESTMENT STRATEGY:	<ul style="list-style-type: none"> • Investments in newly-formed companies focused on food and agribusiness technologies.
PORTFOLIO COMPANY EXAMPLE:	<ul style="list-style-type: none"> • San Francisco-based company developing a crop enhancement product to improve water use efficiency of plants -- getting more "crop per drop."
SOCIAL IMPACT METRICS:	<ul style="list-style-type: none"> • Product sales • Increase in crop yields • Reduction of water usage

Latin American Low/Middle Income Housing Fund

IMPACT THESIS:	<ul style="list-style-type: none"> • Chronic deficit of affordable housing for low and middle income segments of the population in Latin America, particularly in urban areas.
IMPACT SOLUTION:	<ul style="list-style-type: none"> • Develop housing stock that is safe, affordable and has the necessary infrastructure to provide access to clean water, electricity and other basic needs. • Build communities that have green spaces, outdoor lighting, playgrounds, access to schools, churches, transportation links, etc.
INVESTMENT STRATEGY:	<ul style="list-style-type: none"> • Private real estate investments in residential housing developments in Colombia, Dominican Republic, Panama, and Peru
PORTFOLIO COMPANY EXAMPLE:	<ul style="list-style-type: none"> • Housing development in Trujillo, Peru for local agricultural workers • 2,500 units at an average price of approximately \$8,500
SOCIAL IMPACT METRICS:	<ul style="list-style-type: none"> • Number of units sold • Average price per unit

African Renewable Energy Strategy

IMPACT THESIS:	<ul style="list-style-type: none"> • Much of Africa suffers from an acute shortage of electricity, resulting in power outages and blackouts. • The World Bank estimates that blackouts reduce the GDP of sub-Saharan countries by 2.1% annually.
IMPACT SOLUTION:	<ul style="list-style-type: none"> • Develop alternative energy sources to power the electricity grid.
INVESTMENT STRATEGY:	<ul style="list-style-type: none"> • Private energy strategy that will build renewable power plants (wind and solar) throughout Africa, principally in South Africa, Ghana, and Egypt.
PROJECT EXAMPLE:	<ul style="list-style-type: none"> • Partnership that will develop approximately 1,200 megawatts of wind and solar electricity generating capacity across 15 projects.
SOCIAL IMPACT METRICS:	<ul style="list-style-type: none"> • Amount of energy produced from renewable sources, offsetting greenhouse gases. • Projects managed according to environmental, social, and governance (ESG) standards.

Emerging Markets-Focused Financial Services Fund

IMPACT THESIS:	<ul style="list-style-type: none"> • Most consumers and small- and medium-sized enterprises in emerging markets do not have access to formal financial services. • Ability to receive loans and other financial products is a driver of sustainable, economically beneficial activity.
IMPACT SOLUTION:	<ul style="list-style-type: none"> • Provide access to capital and other financial products to encourage small business activity and income generation.
INVESTMENT STRATEGY:	<ul style="list-style-type: none"> • Private equity investments in companies that provide small business lending, vehicle financing, household finance, equipment financing, payment services, and other financial products and services, primarily in India, Southeast Asia, and Latin America.
PORTFOLIO COMPANY EXAMPLE:	<ul style="list-style-type: none"> • The leading motorcycle, tractor, and solar power lender in Thailand, Cambodia, Laos, and Indonesia. The company provides financing to low-income consumers, enabling them to purchase equipment that will generate income and improve living standards.
SOCIAL IMPACT METRICS:	<ul style="list-style-type: none"> • Number of clients • Average loan size • Annualized portfolio growth • Asset quality

Impact Strategy Summary

Impact Strategy Commitments	Food and Nutrition	Affordable Housing	Healthcare	Financial Services	Education	Environmental and Resource Conservation	Renewable Energy & "Green" Products
Emerging markets food fund	✓					✓	
Technology-focused food and agribusiness fund	✓		✓			✓	✓
Latin American low/middle income housing fund		✓					
African renewable energy strategy						✓	✓
Emerging markets-focused financial services fund				✓			
Potential Investment: Health-Related Fund			✓				