

Catholic Sisters take calculated risks with their money

Many religious organisations have financial reserves which they invest in ways which they hope will benefit the planet, not harm it. In practice, this often means that they decide not to invest in sectors which they consider unethical – the arms trade, for example, or the fossil fuel industry.

The Cabrini Sisters have taken a more direct approach – they want part of their money to be working hard for social good. The Sisters – more properly known as the Missionary Sisters of the Sacred Heart of Jesus – have become impact investors, which means putting money into projects that other investors would not consider.



Women-led small businesses on the Ivory Coast are among the targets for the impact investing programme of the Cabrini Sisters. Picture: REGMIFA/Symbiotic

For example, the Sisters are backers of the Mission Driven Finance Freedom 100 Fund, which pays for bail for immigrants held in detention centres in the US. This can be considered an investment because the US Department of Homeland Security will refund these fees when the migrant appears at trial, possibly several years later.

The Cabrini Sisters have been active across the world for more than 140 years, building a network of schools, health facilities, social services and immigration support facilities.

In 2014, they had a considerable sum invested in stock markets and other publicly-available investments. This provided a financial bedrock for their activities, but it meant their money was in very safe places.

Dispensing with secular financial wisdom

As Sister Barbara Staley, Superior General of the Sisters (pictured right), explained: 'We decided to dispense with subjugating ourselves to secular financial wisdom and to very deliberately respond to the Church's demand to recognise ourselves only as stewards, not owners, of our temporal goods.'

'We recognise ourselves as stewards, not owners, of our temporal goods'
– Sister Barbara Staley



'With this as our reference we are determined to use our financial resources to express a new model of apostolic ministry and broaden our effectiveness of spreading God's love to all the corners of the earth without the physical presence of Sisters. Thus, our entry into impact investing and venture philanthropy.'

Now, 90 per cent of the Sisters' reserves are still invested in public markets – in financial safe havens, ensuring that the Order can continue on their mission. But the remaining 10 per cent is invested for impact.

After hiring external financial advisers, Sister Barbara decided that she would take their advice – but only so far. If the need was urgent, she was prepared to override the experts and say, we need to support this cause.

Sister Barbara said: 'I came to understand there's much more than not investing in something. I can choose a company that's neutral as far as morally good or morally bad. And that's fine. Or I can choose one that resonates with who we are in the gift of the Holy Spirit that has been given to this institute, working with those who are the poorest in the world, with migrants and refugees, caring about the earth.'

Hiring Wall Street expertise

The Sisters hired Wall Street veteran Greg Lyons as chief financial officer in 2017, followed in 2019 by another finance industry expert, Kayoko Lyons, to be director of impact investing. Both were delighted to find themselves working for an organisation which valued the moral impact of its investment above the financial returns.

Greg Lane began his work by putting a moral focus on the way the Sisters invested 90 per cent of their money. He said: 'We have a responsibility to manage and oversee the Sister's investment portfolio. We started at a pretty high level strategically and determine what are the various uses and sizes and risk return profiles of different portfolios of pools of capital, responding to the needs of our congregation. And then from there, you integrate values – environmental, social governance standards.' This meant 'refining your negative screening' – in other words, deciding which investments to exclude.

There were also positive choices, such as putting money into institutional-quality impact bonds. These are available on the open market, but give ordinary investors the chance to invest in activities have high standards for financial inclusion or combatting climate change.

Finally, with Kayoko Lyons, Greg and Sister Barbara were able to look at taking more risks, and having more impact on the areas the Sisters are really keen to focus on – rising inequality, forced migration, and climate change.

'One of the most impactful investments we've done is investing in freedom – the Mission Driven Finance Freedom 100 Fund,' said Kayoko. This fund sought \$1 million to help “post bond for immigrants that are held in detention facilities in the US, so that they can be released from what are in essence private prisons and wait for their asylum trials with their friends and family.'

The problem was, the immigrants might wait seven years before their case came to court and the US authorities would refund the bail fees.

'She recognised the foolishness of waiting to draft a long-term investment policy if it meant just one individual had to remain confined to a detention centre a day longer'

– Kayoko Lyons

'At the time we didn't have a policy for this. We had originally said we're going to aim to have shorter loans as we develop the programme,' said Kayoko. But when she brought the problem to Sister Barbara, 'she just [said], just go do it. The people are sitting in these detention facilities, like if we can help free even one or two people, just go do it. She recognised the foolishness of waiting to draft a long-term investment policy if it meant just one individual had to remain confined to a detention centre a day longer.'



Navaza, another women-led group that the Sisters have invested in via Beneficial Returns. Picture: Beneficial Returns

A year in the planning

The Sisters spent a year planning their impact investments, building policies, finding partners and identifying opportunities. At first, they went for the 'low-hanging fruit', putting money into established financial inclusion and micro-loan funds. These include the Regmifa fund, which makes loans to small businesses in sub-Saharan Africa – a majority of them owned by women – to create jobs, generate income and alleviate poverty.

So far, the Sisters have made 20 impact investments, in the fields of education, healthcare, financial inclusion, clean water, renewable energy, affordable housing and sustainable agriculture.

The rate of return is an impressive 2.3 per cent a year – and there have been no defaults. The money has gone to two credit unions, six CDFIs (community development finance institutions), three social enterprises, eight private debt funds and one private equity fund. About 65 per cent is in emerging markets, mainly Africa and Latin America, and 35 per cent in the US, Canada and Europe.

In four out of 10 of the Sisters' projects, they are the first investor, or in the first wave of investors.

Learning how to select the right projects to back

Along the way, plenty of opportunities have been declined. More than 200 investments were looked at, and 31 got detailed scrutiny – known as due diligence. Common reasons for deciding not to invest included "red flag" warnings where the Sisters could not confirm the true picture, a lack of transparency, and organisations that were too early on their journey. Others had an overly-complex structure, or there were concerns that over whether adding more tech or finance would actually have the impact that was hoped. The Sisters also decided to pause their goal of building a market-rate climate solutions portfolio, because they did not have the expertise, and would need an external partner.

With their team of financial experts, the Cabrini Sisters are committed to impact investing. Greg Lane said: 'There are a lot of things I'm excited about. I think we're at the very beginning of this journey, not only Kayoko and Sister Barbara and our roles as Missionaries of the Sacred Heart, but also as part of this global effort and the way stewards of capital are starting to think. There's a lot of momentum.'

This story appeared on the [Faith Plans website](#) and was taken from a longer, more detailed version on the FaithInvest website:

- www.faithinvest.org/cabrini-part-one
- www.faithinvest.org/cabrini-part-two