Wealth Management

A new road map for nonprofits: Mission alignment investing

Nonprofits, foundations and endowments increasingly want to ensure their investment philosophies are in sync with their stated goals. In fact, a poll conducted by the SEI Nonprofit Management Research Panel found that while one in eight organizations does not currently invest in sustainable investing strategies, they planned to begin in 2019.[1]

This growing interest in Socially Responsible Investing (SRI) reflects the increased focus by members, constituents and donors on making a positive difference in the world.

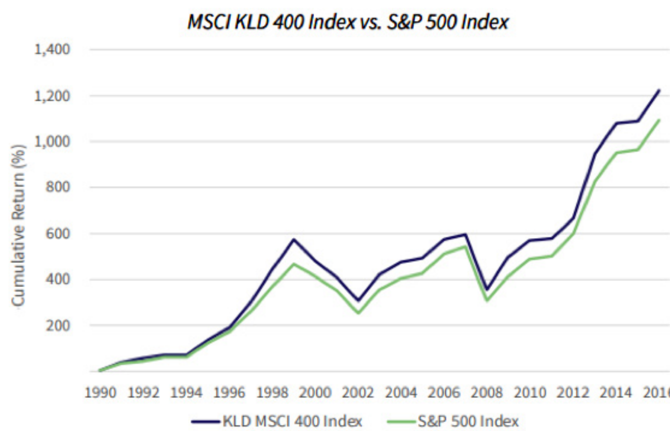
As one of the top female advisory teams in the country, investing with purpose comes naturally to us. We have a 35-year track record of creating portfolios that live up to your principles, without compromising performance. We work with our clients to create customized portfolios rooted in fiduciary best practices, updated to reflect the benefits on investing with impact.

Socially responsible investing used to be thought of as simply avoiding certain industry sectors; however, today, it's proactively investing in solutions to social and environmental concerns.

Here are some examples:

1. Investing a portion of your bond portfolio in bond financing that targets affordable housing to benefit underserved communities.
2. Considering equity investments in companies that place a priority on gender equality and have stated policies to include women on their boards and in senior leadership.
3. Promote environmentally friendly policies by investing in "green bonds" that target specific strategies, such as low carbon investments and global water supplies.

Impact investing is not a new trend, but it has been gaining traction recently, as investors realize that socially responsible investing strategies can have returns in line with, if not better than, non-SRI fund returns over three-, five-, and ten-year periods. Over the last 20 years through March 2017, the MSCI KLD 400 Social Index has outperformed the S&P 500 by 21 basis points per annum, a reflection of the risk mitigation inherent in impact investing (see below).[2]



After performance, another common objection to socially responsible investing was concern over fiduciary liability, but in 2015, the Department of Labor revised their guidelines to allow fiduciaries to proactively consider ESG factors when investing. Of note was this quote by former U.S. Secretary of Labor Tom Perez, which stated: "Investing in the best interests of a retirement plan and in the growth of a community can go hand in hand."[3]

While foundations and nonprofits are not subject to ERISA (Employee Retirement Income Security Act), nonprofits generally follow ERISA for guidance.

Continued on back.

As impact investing becomes more mainstream, isn't it time to consider an investment advisor that can help preserve and grow your wealth, while making an impact on society? Let us help you create a portfolio that not only addresses the bottom line, but does so with more alignment of your core values. We call that "Connecting Wealth with Purpose."

For more information about impact investing and what it could mean for you, please contact Ann Marie Etergino at (301) 907-2772 or annmarie.etergino@rbc.com. You may also wish to visit our website: us.rbcwealthmanagement.com/theeterginogroup.

The Etergino Group
Connecting Wealth with Purpose

The Etergino Group
RBC Wealth Management
5425 Wisconsin Avenue, Suite 301 | Chevy Chase, MD 20815
Phone: (301) 907-2772 | Fax: (301) 907-2701

Wealth Management

The opinions expressed here are those of the author and do not necessarily reflect those of RBC Wealth Management.

1 NPT Staff. "Survey: ESG Investing On The Rise." The NonProfit Times. November 13, 2018. Accessed April 12, 2019. http://www.thenonprofittimes.com/news-articles/survey-esg-investing-on-the-rise/.

2 Domini. "Impact Investing: Is It Right for Your Clients?" Domini Impact Investments. 2017. Accessed April 12, 2019. https://www.domini.com/sites/default/files/_files/Advisor_Brochure_2017.pdf.

3 Nabhan, Norman, CIMA. "Are Your Investments Aligned with Your Organization's Missions and Values?" Investments & Wealth Institute. January 2018. Accessed April 12, 2019.

19-WG-806 (05/19)