

# **Serving the Special Needs of Catholic Institutions**


Empowering Catholic institutions by aligning investment strategy  
with their Catholic Values and mission.











## **Mission-Aligned Institutional Consulting Practice**

Graystone Consulting is a pioneer in the impact investing field, guiding nonprofits in the implementation of mission-aligned investment programs. We focus on providing you with holistic, objective advice and strive to be a trusted partner by delivering the best of two worlds: the personalized service of a consulting boutique and the resources of a global financial powerhouse.



## Faith-Based Investing Experience

Faith-based institutions and individuals have, for over 100 years, considered the social and environmental impact of their financial decisions. At the foundation of this approach is a mission to protect and promote the worth of every person, which is core to the social teaching principles of the Catholic Church,<sup>1</sup> as well as a broad range of other faiths. Increasingly, stakeholders—including staff, trustees and donors, as well as those served by faith-based institutions such as parishioners, students and patients—call for a holistic approach to embracing their faith. This includes the management of investments as an extension of mission and as a complement to other activities, such as philanthropy. This approach includes integrating mission and values into the financial objectives and investment guidelines of the faith-based institution in line with fiduciary responsibility. Further, investors interested in aligning their faith with their investments may seek to integrate guidelines specific to their interpretation of faith-based values.

## Faith-Based Investing Approach

To guide faith-based clients, Morgan Stanley developed Mission Align 360°, a framework that serves as a road map for clients to evaluate all pools of capital—human, philanthropic and financial—and allocate to faith and mission. This proprietary process starts with affirming the mission of the organization and culminates in continuous portfolio monitoring.

Once a client has decided to integrate Catholic Values into their investment portfolio, the next step is to build or evolve an existing investment plan or investment policy statement (IPS). With an IPS in place, a client's existing assets are evaluated according to both financial goals and alignment toward faith-based objectives. An essential resource in this part of the process is Morgan Stanley Impact Quotient® (Morgan Stanley IQ),<sup>2</sup> a patented<sup>3</sup> technology launched in 2019 that delivers multidimensional analysis on a portfolio's alignment to a client's unique impact objectives, such as Catholic Values. Ultimately, the result of this assessment may identify where there are opportunities to strengthen the alignment between investments and faith-based objectives over time.

The returns on a portfolio consisting primarily of Environmental, Social and Governance ("ESG")-aware investments may be lower or higher than a portfolio that is more diversified or where decisions are based solely on investment considerations. Because ESG criteria exclude some investments, investors may not be able to take advantage of the same opportunities or market trends as investors that do not use such criteria.

Faith-based investment guidelines vary by financial goals, including time horizon, liquidity needs, and by the mission and teachings of the faith the individual, family or institution follows. Faith-based investors are credited with inspiring investing for social and environmental impact, and serving as early advocates for influencing companies to change their corporate practices, a process known as shareholder engagement.





## What Are Catholic Values?

Bolstering this deep history are philosophical teachings that act as the foundation for integrating Catholic Values into investments. As an example, “A Catholic Framework for Economic Life” is a set of 10 principles, set forth by the United States Conference of Catholic Bishops (USCCB), that can guide investors. This Framework is based on the Catechism of the Catholic Church, papal encyclicals, statements from bishops in the U.S., and the pastoral letter *Economic Justice for All*. Pope Francis expanded on these principles in his 2015 encyclical *Laudato Si'*, calling for environmental justice and fundamental social change in the face of global warming.<sup>4</sup>

“Impact investors are those who are conscious of the existence of serious unjust situations, instances of profound social inequality and unacceptable conditions of poverty affecting communities and entire peoples.”

**Pope Francis**

2014 Vatican Symposium on Impact Investing

# Morgan Stanley Catholic Values Investment Framework

As part of our work to guide clients in transitioning assets to align with faith-based impact objectives, we have created the Catholic Values Investment Framework:

## Intentionally Integrate Catholic Values

This can be done in one or more of the following ways:

### ← AVOID DOING HARM

#### Catholic Values as a Screen

Investments that seek to minimize or avoid exposure following the USCCB Guidelines.

#### Thematic Solutions

Invest in companies with innovative products and services targeting solutions to key goals outlined in the USCCB Guidelines such as alleviating poverty and climate solutions.

### PROMOTE THE COMMON GOOD →

#### ESG Integration

Invest in companies that promote the common good as outlined in the USCCB Guidelines through sustainable corporate practices focused on issues such as promotion of human dignity and environmental protection.

## Influence

### Actively Work for Change

Management engagement, proxy voting, and resolution filing to promote issues aligned with the USCCB Guidelines.

### Market Building

Seek to influence the industry through collaborative affiliations, and adopting global frameworks.

## Inclusion

With the USCCB Guidelines' focus on diversity and inclusion, investors may consider diversity as the asset manager itself.







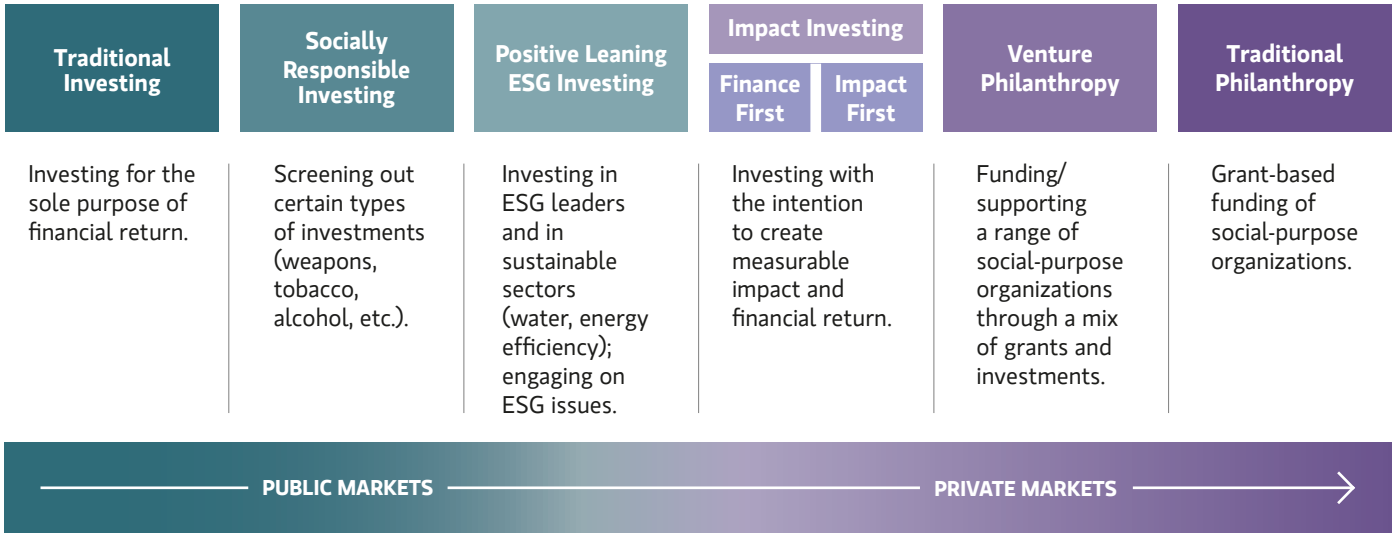






# Aligning Your Investments With Your Values

Wherever your organization is in terms of alignment, we can provide an evolved approach to driving greater outcomes, with vast resources to support both your goals and your mission.



**Investing with Impact:** Launched in 2012, Morgan Stanley Investing with Impact provides our clients — including faith-based investors — a suite of investment options, portfolios, tools and analysis to deliver solutions that can help generate both competitive market-rate financial returns and measurable, positive environmental and social impact.

**Sustainable Investing:** The Morgan Stanley Institute for Sustainable Investing was founded in 2013 to accelerate the adoption of sustainable investing, produce informative insights, and develop the next generation of sustainable finance leaders.

**Diversity and Inclusion:** In 2020, Morgan Stanley launched the Institute for Inclusion to bring our employees, communities and clients together in a shared commitment to creating a more equitable society.





## Global Resources With Local Expertise

At Graystone Consulting, we combine local expertise and global resources to help your faith-based organization make informed, confident investment decisions.



**\$614.2  
BILLION**

in total institutional  
assets under  
management<sup>5</sup>



**50+  
YEARS**

of experience advising  
institutional clients



**4,400+  
STRATEGIES**

monitored annually<sup>6</sup>





INNOVATIVE THINKING. OBJECTIVE ADVICE. VAST RESOURCES.

# The Graystone Consulting Advantage

1

## Guiding you through complexity

Graystone Consulting provides you with customized, innovative, flexible solutions to help meet your faith-based organization's most sophisticated financial needs. We shine a bright strategic light on your investment challenges and goals and create an intelligent path to help you reach them, while remaining responsive to everything the world throws at your long-term plan along the way.

2

## Giving you an independent and objective fiduciary partner

With an open-investment architecture, we maintain complete fiduciary independence with objective advice, so we work solely in your interests to help you build real and lasting financial security for your organization, your mission and your people.

3

## Providing you with boutique service, on a global scale

Graystone Consulting combines the fresh thinking, nimbleness and spirit of a modern entrepreneurial consulting boutique with the deep knowledge and experience of Morgan Stanley. We ensure the right advisors are in the seat from the first day they meet with you. You'll get deeply experienced advisors who'll take the time to truly understand you and your organization, develop innovative strategies to address your challenges—and build a long-term partnership based on trust.

4

## Connecting you to all the resources of Morgan Stanley

Graystone Consulting puts the financial resources and power of Morgan Stanley's vast research network to work for you. That means we can help our clients more effectively react to financial events around the world, with confidence. Give us your most complex financial challenges and we'll help you solve them.



## Collaborative Flexibility.

We offer a wide spectrum of investment consulting solutions designed to meet your desired level of service and discretion. And we can provide all the intellectual capital, expertise, specialized resources and analytical tools you need to implement a sophisticated, personalized investment strategy.

Whether you want help with a special project, full discretionary portfolio management or something in between, we're listening. We'll strive to meet you wherever your needs are.

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### **Our Institutional Consultants will tailor your solution from the following services:**

- Manager search and special studies
- Portfolio construction and implementation
- Portfolio monitoring and performance reporting
- Advice on investment objectives and guidelines
- Collaborative portfolio management
- Outsourced Chief Investment Office (OCIO)
- Rebalancing
- Risk management





# **Strong Framework. Better Approach.**

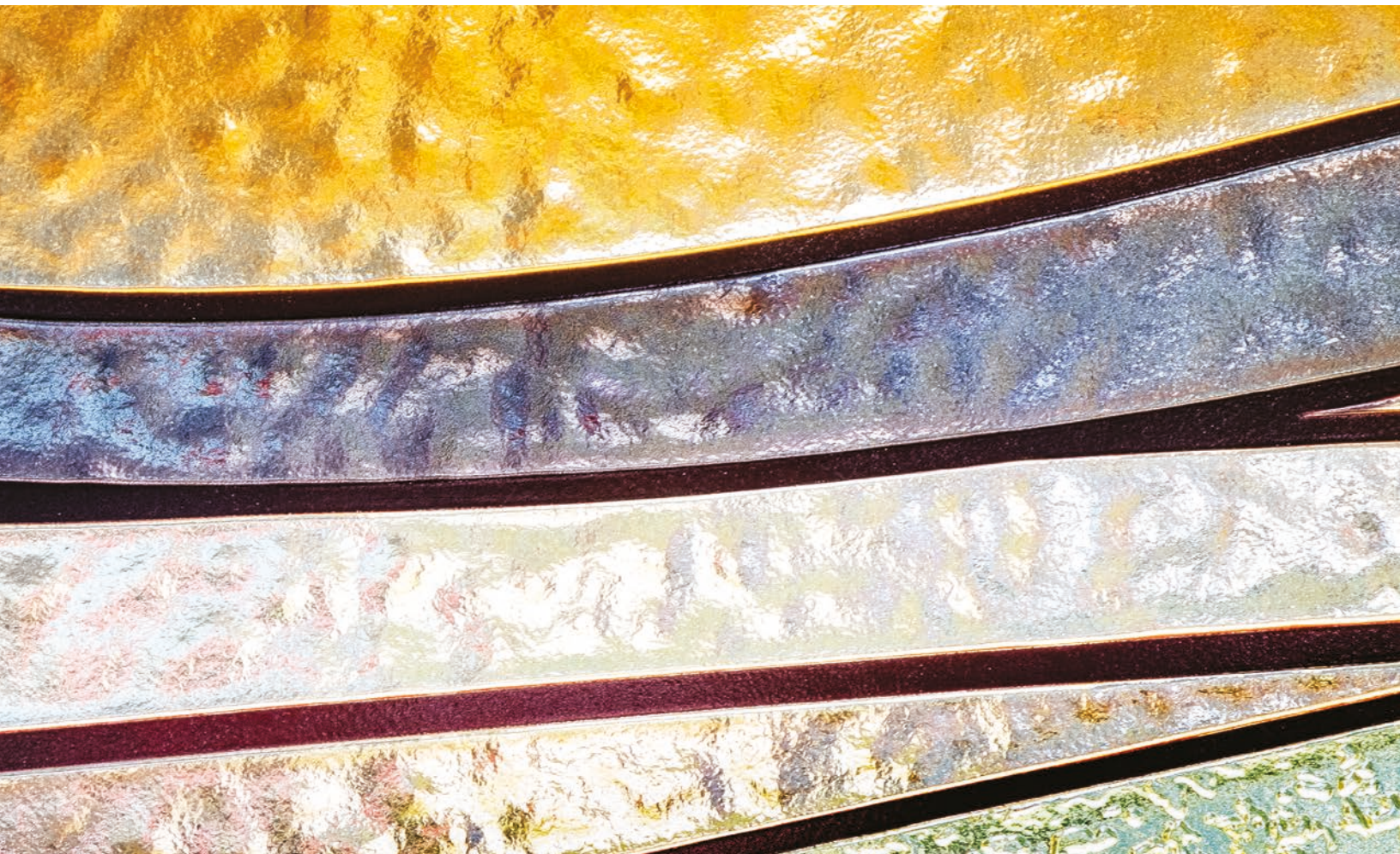
We have built a process designed solely to help you achieve your desired outcomes.

Our robust and proven approach has helped institutional investors define their goals, set risk parameters and implement each stage of highly customized investment plans.

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**We will create a bespoke approach for you based on the following activities:**

- Organizational assessment
- Investment policy and statement review
- Asset allocation study
- Investment manager evaluation
- Reporting and communication
- Ongoing review and monitoring









This material does not provide individually tailored investment advice. It has been prepared without regard to the individual financial circumstances and objectives of persons who receive it. The strategies and/or investments discussed in this material may not be appropriate for all investors. Morgan Stanley Wealth Management recommends that investors independently evaluate particular investments and strategies, and encourages investors to seek the advice of a Financial Advisor. The appropriateness of a particular investment or strategy will depend on an investor's individual circumstances and objectives.

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<sup>1</sup>United States Conference of Catholic Bishops, "Life and Dignity of the Human Person," <https://www.usccb.org/beliefs-and-teachings/what-we-believe/catholic-social-teaching/life-and-dignity-of-the-human-person>

<sup>2</sup>The Morgan Stanley Impact Quotient® report is an assessment of an investor's portfolio (or subset thereof) utilizing various environmental, social and governance ("ESG") factors. The metrics included in the report are based on key topic areas for sustainable and impact investing. Assessment of the investor's portfolio

alignment with ESG factors, established by Morgan Stanley, is evaluated based on available data and expertise from MSCI ESG Research, ISS-ESG, Fossil Free Indexes and Equileap. The Morgan Stanley Impact Quotient report does not represent Morgan Stanley's view of any individual fund or security, is not a judgment on any company's commitment to sustainability issues and is provided for informational purposes only. The report is not a "research report" as defined by FINRA Rules 2241 and 2242. It is not prepared by the Research Departments of Morgan Stanley Smith Barney LLC or Morgan Stanley & Co. LLC or its affiliates.

<sup>3</sup>US Patent Number 11,188,983.

<sup>4</sup>Catholic Values Investing Guide, Morgan Stanley, January 2023, p. 3.

<sup>5</sup>As of December 31, 2023. Mandates include all Assets Under Management and Assets Under Advisement.

<sup>6</sup>Global Investment Manager Analysis (GIMA), October 2023 Investments and services offered through Morgan Stanley Smith Barney LLC. When Morgan Stanley Smith Barney LLC, its affiliates and Morgan Stanley Financial Advisors and Private Wealth Advisors (collectively, "Morgan Stanley") provide "investment advice" regarding a retirement or welfare benefit plan account, an individual retirement account or a Coverdell education savings account ("Retirement Account"), Morgan Stanley is a "fiduciary" as those terms are defined under the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), and/or the Internal Revenue Code of 1986 (the "Code"), as applicable. When Morgan Stanley provides investment education, takes orders on an unsolicited basis or otherwise does not provide "investment advice", Morgan Stanley will not be considered a "fiduciary" under ERISA and/or the Code. For more information regarding Morgan Stanley's role with respect to a Retirement Account, please visit [www.morganstanley.com/disclosures/dol](http://www.morganstanley.com/disclosures/dol). Tax laws are complex and subject to change. Morgan Stanley does not provide tax or legal advice. Individuals are encouraged to consult their tax and legal advisors (a) before establishing a Retirement Account, and (b) regarding any potential tax, ERISA and related consequences of any investments or other transactions made with respect to a Retirement Account.





## Let's Talk

We look forward to starting the conversation on how we can help.

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