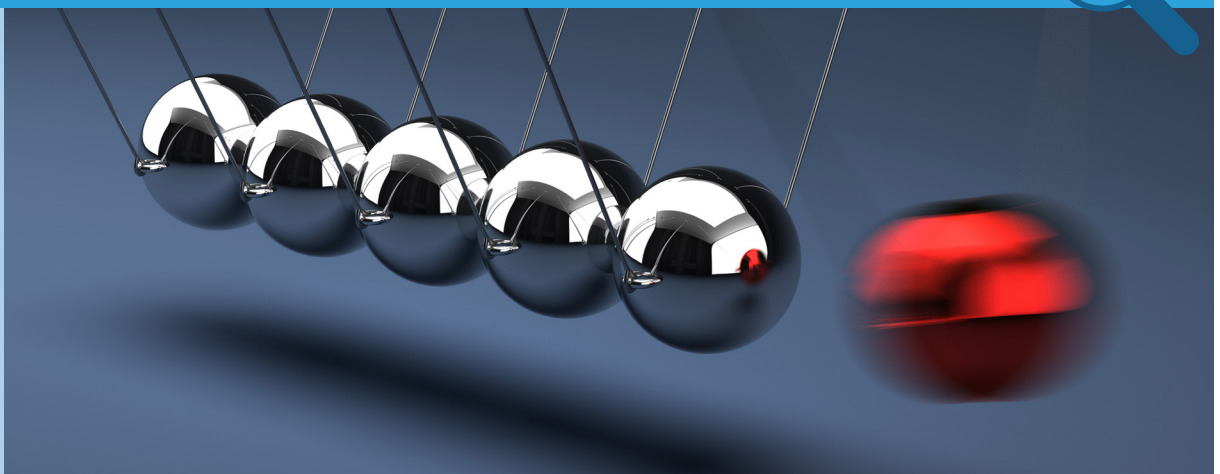


Our Fiduciary Focus educational series is your resource for information about not-for-profit institutional investing, board governance, OCIO services and more. Learn best practices and industry trends that improve your operations and advance your organization's mission!



## How Endowments Can Maximize Their Positive Impact

If you were to ask most members of an endowment board whether they believe they are maximizing the impact of their endowment, the resounding answer would likely be “Yes.”

Board members tend to see—and prioritize—the immediate impact of their grants. If the endowment regularly allocates to youth scholarships, community initiatives and charitable causes, this positive impact is clear and apparent. What some boards may be overlooking, however, is the opportunity to expand the scope of their endowment's impact beyond this direct missional work.

### Opportunities to Expand Impact

One key step toward maximizing the positive impact of an endowment is embracing its potential to make an impact through its investments. Several investment-specific tools and strategies can enable this type of mission-aligned impact:

- |                                  |  |                                    |
|----------------------------------|--|------------------------------------|
| <p>1</p> <p>Impact Investing</p> | <p>2</p> <p>Shareholder Engagement</p> | <p>3</p> <p>Ethical Exclusions</p> |
|----------------------------------|--|------------------------------------|

Let's dive further into how each of these options helps maximize an endowment's impact, then conclude with a look at how partnering with an investment provider who shares one's values can complement this approach.

**Impact Investing:** While it may seem obvious that investments can make an impact through “impact investing,” this term has a specific meaning in the investment world. Impact investing generally refers to an investment strategy intentionally designed to generate financial returns while also creating a measurable positive impact on society or the environment. Endowments can employ impact investing to both generate returns that will fund their future charitable purpose and create broader positive impacts that align with their missions.

For example, Wespath's longest-running impact investing initiative—the Positive Social Purpose, or “PSP,” Lending Program—invests in loans that support affordable housing and community development for underserved areas in the U.S.<sup>1</sup> The PSP Lending Program therefore provides a great opportunity for Wespath to positively impact communities while seeking market-rate returns.

#### Examples of Potential Mission-Aligned Impact Investments:



Sustainable Agribusiness



Affordable and Clean Energy Access



Renewable Infrastructure



Education



Healthcare

<sup>1</sup> Loans in the PSP Lending Program are made through funds available, depending on the nature of the investor, through Wespath Benefits and Investments' investment management subsidiaries, including Wespath Institutional Investments. Above, Wespath Benefits and Investments and its subsidiaries are referred to collectively as “Wespath.”

**Shareholder Engagement:** Another effective approach to maximizing the positive impact of investment assets is through shareholder engagement. This involves using one’s influence as an investor to enter constructive dialogues and offer suggestions that drive change among companies, policymakers and asset managers. At Wespath, we firmly believe engagement enhances financial stability and helps deliver improved investment returns. It can also help investors—including endowments—drive progress on real-world issues that are meaningful to them.

**Ethical Exclusions:** Investing in things that can have a positive influence may also mean thinking about avoiding investing in things that do not have a positive impact. Endowment boards should consider whether they’d like to exclude certain investments from their portfolio for this reason. At Wespath, we refer to our values-based exclusions as our “ethical exclusions.”<sup>2</sup> These include:



By steering clear of investments that don’t complement their mission, endowments can actively align their investment portfolios with the core values of their organization.

### Engagement In Action

Wespath co-leads the Investors for Opioid & Pharmaceutical Accountability (IOPA).<sup>2</sup> The IOPA focuses on corporate governance reforms that promote responsibility in the opioid and pharmaceutical industry. Following the IOPA’s engagement, five pharma companies agreed to change their executive pay practices to help ensure corporate leaders are held accountable for their company’s actions.

### Partnering to Amplify Your Impact

Investment providers come in all shapes, sizes and styles—and it is possible to find a partner that shares a similar mission and value set with your organization. For example, a Methodist-affiliated organization may choose to invest through their local Methodist foundation, helping them be part of the positive impact foundations make within communities and the not-for-profit organizations they support.

Also read: [Investing with a Methodist Foundation](#)

Similarly, Wespath’s experience with values-aligned investing and customer service, as well as our expertise on the impact-making opportunities described above, put us in a unique position to serve mission-driven endowments.

We invite you to explore our services [on our website](#), or by contacting:



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#### About Wespath

Wespath Benefits and Investments (Wespath) is a not-for-profit agency that has been serving The United Methodist Church (UMC) for over a century. In accordance with its fiduciary duties, Wespath administers benefit plans and, together with its subsidiaries, including Wespath Institutional Investments, invests \$24 billion in assets on behalf of over 100,000 participants and over 150 United Methodist-affiliated institutions (as of September 30, 2023). Wespath funds invest in a sustainable manner that supports long-term value creation while having a positive impact on the environment and society and upholding the values of the UMC. Wespath maintains the largest reporting faith-based pension fund in the world. [wespath.org](http://wespath.org)



#### About WII

Wespath Institutional Investments (WII) is a not-for-profit subsidiary of Wespath, a general agency of The United Methodist Church (UMC). WII provides investment solutions for institutional investors related to the UMC, including foundations, children’s homes, older adult facilities, higher education institutions and healthcare organizations. WII offers diversified global exposure to its world-class investment managers through a family of daily priced funds. WII’s investment process proactively incorporates the consideration of environmental, social and governance (ESG) factors into investments across asset classes and in the selection of external asset managers. [wespath.com](http://wespath.com)



<sup>2</sup> Wespath Benefits and Investments implements the sustainable investment strategies for investment funds made available through it and its investment management subsidiaries, including Wespath Institutional Investments.