

New ‘Catholic Values’ stock fund comes in for scrutiny

By Mark Pattison

Catholic News Service

WASHINGTON - The Aug. 20 announcement of a new “Catholic Values Index” stock fund for investors who want their stock buys to hew to Catholic teaching has come under scrutiny by some with a long track record in corporate social responsibility.

“The launch of this fund is particularly appropriate as we prepare to welcome Pope Francis to the U.S.,” said Oblate Father Seamus Finn, chairman of the board of the Interfaith Center for Corporate Responsibility, in an Aug. 27 email to Catholic News Service from Bangladesh.

“This adds to the number of funds that are available for Catholics to integrate more complete their Catholic values and beliefs into their investment approaches and planning and respond actively to the call by the Holy Father to put planet and people into priority as we look for ways to use our assets to support our missions and other needs,” Father Finn said.

But Frank Rauscher of Dallas-based Aquinas Associates, when he saw a similar statement by Father Finn earlier, told CNS he asked the priest if he had given an A-OK to the fund specifically or to the notion of socially responsible investing. Rauscher said Father Finn told him it was the latter.

S&P Dow Jones, formerly known as Standard & Poor’s, said its new SP 500 Catholic Values Index is designed to follow the 2003 socially responsible investment guidelines from the U.S. Conference of Catholic Bishops, “which stress responsible stewardship of economic resources, fighting poverty, human rights and adhering generally to Catholic Church ethics.”

And therein lies the rub, according to Rauscher. “The part that says ‘principles of stewardship,’ that’s easy. They’re following the financial aspects of stewardship” as they interpret the USCCB guidelines, he said. The second part of those guidelines, he added, call for activist intervention with companies whose products and principles do not square with Catholic teaching. And that’s where the S&P fund is silent.

“S&P is relying on an organization in England called EIRIS, which is a company that does some screening” for objectionable firms, Rauscher told CNS. But the S&P Catholic Values Index does not seem to have the activist component, making it a “passive” fund.

Rauscher said he provides investment advice to 25 to 30 U.S. dioceses on their stock holdings. Their in-house personnel are fully aware of the USCCB guidelines, but even they can err — which is where Rauscher comes in.

“I monitor their portfolios for compliance. All the time I’m picking up that their asset managers have misinterpreted something” in their portfolios, he said.

Rauscher said he suspected S&P created the fund to ride the crest of U.S. interest in Pope Francis’ September visit to the United States.

Capuchin Father Michael Crosby, who has been involved in socially responsible investing issues for more than 30 years, said dioceses themselves rarely take activist steps. “The last time a diocese ever co-filed a (shareholder) resolution, was Green Bay (Wisconsin), which is in my (investors’) coalition, and that was 3 to 4 years ago,” he told CNS.

Perusing the methodology used in the S&P Catholic Values Index to screen ineligible companies, “a lot of it relates to things around sex. Abortion, number one, number two, number five, number seven, number eight. It looks like a lot of it is around sexual issues and forms of violence and militarism.

“I don’t see anything that directly relates to fossil fuels, which is the heart of the

new encyclical, "Laudato Si'," Father Crosby said.

Rauscher said the proof in the pudding will come when S&P files a prospectus on its Catholic Values Index with the federal Securities and Exchange Commission. "You don't need to have a headline down the road where the SEC is charging them with violating the prospectus," he added, "or a competitor finds out and says, 'Who can you trust?' Who's raising to the flag and says, 'You're Catholic,' and who's raising the flag to say, 'You're not?'"

"For some kind of moral purity, it's good to have screening, but if we don't unite consumer action along with activist efforts to shareholders, simply divesting or not investing in companies isn't going to bring about change anyway," Father Crosby said. "Someone else will just pick up the stock that you had just divested from. If you don't have some form of ownership, you have no voice."

Wal-Mart announced Aug. 26 it was ending the sale of assault rifles in its stores, a move Father Crosby said had taken years of effort by activist shareholder groups.

"What is the tipping point where a corporation will do the right thing? It comes about as a whole host of actions," he added.

Also see:

From flush to floundering, parish finances cover the gamut - See more at: <https://www.catholicreview.org/article/news/world-news/from-flush-to-floundering-parish-finances-cover-the-gamut#sthash.UJpHkJAr.dpuf>

From flush to floundering, parish finances cover the gamut - See more at: <https://www.catholicreview.org/article/news/world-news/from-flush-to-floundering-parish-finances-cover-the-gamut#sthash.UJpHkJAr.dpuf>

From flush to floundering, parish finances cover the gamut

CCHD recipients better life in Baltimore

