

Mercy Investment Services, Inc. and Mercy Partnership Fund

Impact Investing Journey Overview

Mercy Investment Services, Inc. enhances the financial resources of the Sisters of Mercy of the Americas through socially responsible investing. It builds from a long history of the sisters' work for systemic change in the areas of nonviolence, racism, the environment, concern for women, and immigration, by advancing these causes through a four-pronged approach of portfolio screening, proxy voting, shareholder advocacy, and impact investing. Impact investments take place through the Mercy Partnership Fund and the Environmental Solutions Fund.

Mercy Partnership Fund (MPF) provides below-market rate investments to mission-driven organizations and projects throughout the U.S. and in 65 countries. MPF is part of the rich legacy of community investing begun by the Sisters of

AT A GLANCE

Denomination: Catholic

Location: St. Louis, MO

Year of First Impact Investment: 1995

Impact Sector Focus:

- Poverty Alleviation
- Health & Education
- Environmental Sustainability

Geographic Impact Focus: Global

Impact Investing Lead: Sarah Smith,
Director, Mercy Partnership Fund

Website: www.mercyinvestmentservices.org/impact-investing.aspx

Mercy in the 1970s, when Women Religious were considered the first impact investors. They recognized early on the investment of their financial resources could be a ministry in itself. In 1995, the Sisters of Mercy brought all their community investments into one operation, and deliberately chose the name *Mercy Partnership Fund*, as they view their borrowers as partners.

In 2010, MPF formally became part of Mercy Investment Services, and today a portion of every Mercy Investment Services participant's investment supports community investing through MPF. Mercy Investments expanded its impact investing in 2015 by launching the [Environmental Solutions Fund](#), focused on mission-related, positive market-rate alternative investments in cleantech, water, green buildings, and sustainable agriculture and forestry.

"This is not radical investing. It simply works."

- Sarah B. Smith, Director, Mercy Partnership Fund

Key Steps Taken and Barriers Overcome Along the Impact Investing Journey

Mercy Investments has fully embraced the tools of socially responsible and impact investing to address social and environmental justice issues. Many of the key steps taken relate to bringing various member communities and funds under one roof to more strategically align their investments with their mission. After setting a goal to reach 10% impact in its portfolios by 2020, Mercy Investments surpassed its goal and now has more than 15% of its total investment portfolio in investments directly impacting people and communities around the world.

As the long-standing impact investing arm of Mercy Investments, MPF has developed theories of change called "paths to impact" in which they align, and map, important values to specific impact objectives, including economic poverty alleviation, equitable access to healthcare and education for vulnerable populations, and protecting the environment. These "guiding lights," according to MPF Director Sarah B. Smith, help Mercy continue to use resources with intentionality, while also addressing new needs as they arise.

Overall, Mercy Investments has also aligned its investments with the UN's Sustainable Development Goals. This has helped Mercy develop common language both internally and externally among partners and other shareholder advocates and impact investors.

This interview is part of a series of Faith Investor Profiles highlighting how institutions across denominations are investing for impact. The Profiles are for informational purposes only, and should not be construed as any financial advice nor a recommendation of any investment strategy or product. All investing carries risk, past performance is no guarantee of future results. More at: www.calvertimpactcapital.org/faith

Successes and New Frontiers

For more than 25 years, MPF has invested for impact in affordable housing, community development, microfinance, sustainable agriculture, and environmental solutions. The fund did all this while maintaining a 99% repayment rate from investees – a strong measure of consistency. MPF also celebrates and applauds the success of their partners. It has helped support the extraordinary growth of community development financial institutions (CDFIs) over the past few decades with patient and flexible capital. As early investors in this space, MPF has been able to “shine a light to attract other investors.”

Mercy Investments overall sees itself as a “learning organization,” which has allowed it to be open to new ways of investing, seeing opportunities rather than barriers, working alongside investees and like-minded partners, launching pilot programs, and learning with them. As opportunities arise to invest in vulnerable populations, Mercy Partnership Fund continues to stretch themselves to find innovative responses, recognizing the urgency and severity of current challenges. For instance, MPF recently invested in [Inclusiv’s Racial Equity Investment Fund](#), a commitment that continues a longtime collaborative relationship which began in 2000, to promote financial inclusion and racial equity through CDFI credit unions.

Now, all Mercy Investments participants’ positive impacts on the global community are amplified by the investments of MPF and the Environmental Solutions Fund. Mercy Investments publishes an annual [Accountability Report](#) on their activities and performance.

As it continues to grow and become more systematic, MPF is continuously strengthening its impact measurement and management (IMM) practices. An annual survey of its 60+ investees gathers critical impact data on a full range of metrics. The Fund can also map its investments down to the county level to understand the communities it is reaching. This helps Mercy understand its existing investments and informs where future investments might be best placed. For instance, using these tools MPF knows that 71% of its capital is invested in low- to moderate-income communities. These IMM practices are now being deployed across Mercy Investments to its shareholder advocacy work and the Environmental Solutions Fund.

Suggestions for Fellow Faith Investors

When an institution wants to start impact investing, Sarah suggests building on existing relationships you have in the community. For example, find a community development financial institution (CDFI) or credit union in your community to begin saving or investing with them. She further notes, “Then build relationships with others in the impact investing field. Discuss mutual objectives and opportunities with other values-aligned faith communities to learn how they have built and maintained their impact investing programs. Partner with and learn from them. No need to reinvent the wheel. There are an extraordinary number of resources now available to prospective impact investors.”

She concluded, “Be confident in making the case for impact investing. Point to success stories. MPF’s 99% repayment rate over 25 years is certainly one, but there are others too. While investing for impact is an amazing opportunity this is not radical investing. It simply works.”



MPF borrower [Friendship Bridge](#) helped support women and families in Guatemala through the pandemic, with flexible repayment plans, emergency food relief, and the sharing of crucial information about COVID-19.

More Faith Investor Profiles and Resources at:

calvertimpactcapital.org/faith

Photo courtesy of Friendship Bridge