

Everence Financial and Praxis Mutual Funds

Impact Investing Journey Overview

Everence Financial helps people and institutions integrate faith and values into financial decision-making to accomplish their “stewardship” goals. This stewardship principle—that “all we are and all we have are from God (Psalm 24)” —is a core and historic biblical belief of Mennonites and Anabaptist Christians. Originally known as MMA (Mennonite Mutual Aid), Everence has grown out of a long tradition of church communities putting faith into action today, and serves diverse people from various faith backgrounds across the country. It celebrated its **75th anniversary** in 2020 and today manages more than \$5 billion in assets for churches, institutions, and individuals.

Praxis Mutual Funds is the fund family of Everence, with more than \$2 billion in assets under management as of 2021. Praxis serves a wide range of socially responsible and faith-based investors, and since 1999 has committed around 1% of each mutual fund to “deep-impact community development investing.”

AT A GLANCE

Denomination: Mennonite Church USA

Location: Headquartered in Goshen, IN

Year of First Impact Investment: 1989

Impact Sector Focus:

- Domestic & International Microfinance
- Racial Equity & Empowerment
- Renewable Energy & Green Development

Geographic Impact Focus: Global

Impact Investing Lead: Mark Regier, VP of Stewardship Investing

Website: www.praxismutualfunds.com/cdi

Praxis’ multifaceted commitment to impact investing developed organically. In their early years that meant screening-out investments in businesses that did not align with their biblically-rooted and socially-engaged values. This grew into a “**stewardship investing approach**” in which Praxis continuously reflects on what it means for them and their clients to be co-stewards of God’s resources. Today Praxis employs a wide range of strategies including screening, shareholder and bondholder advocacy, proxy voting, substantial investment in positive impact and green bonds and catalytic community development investing.

“We believe returns matter, but also believe God has priorities beside financial ones. Jesus challenged us to care for the poor, the widow and the orphan, and we believe that command extends not just to charity but to portfolio construction as well.”

- Mark Regier, VP of Stewardship Investing

Key Steps Taken and Barriers Overcome Along the Impact Investing Journey

For almost a decade beginning the early 2000s, Praxis managed its own portfolio of direct community development investments, in the US and globally. This program brought lasting relationships with US community development financial institutions (CDFIs), and also kindred faith investors, who partnered in the creation of The Isaiah Fund, the first interfaith disaster recovery vehicle established in the wake of Hurricanes Katrina and Rita.

Largely due to increasingly onerous regulatory standards as an SEC-registered mutual fund company and related administrative costs, Praxis ended their direct lending program and instead began investing through Calvert Impact Capital. This approach creates efficiency in maintaining their 1% community development investing commitment, while providing Praxis and their investors with confidence that their mutual funds can achieve deep and catalytic impact.

As their impact investing programs have grown, the Praxis team has prioritized creating a shared understanding among internal stakeholders of how portfolio management can be rooted in supporting the poor and disadvantaged. Sharing impact success stories has helped reinforce commitment internally, and also demonstrates to clients that their investments are creating meaningful positive impact. Praxis issued their first formal **Real Impact Report** in early 2021.

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 over 20 years, Praxis and Everence have approached impact investing with a mix of vision, innovation, and practicality which has allowed them to become the first US purchaser of the World Bank Green Bonds and commit 1% of their mutual fund portfolios to community development investing, all while maintaining strong financial performance for their clients.

This commitment to impact now extends to their banking arm, [Everence Federal Credit Union](#), which purposefully opened an office and branch in an underinvested neighborhood in Philadelphia in 2019. It will offer financial services and lending products to people and organizations that have often found it difficult to access capital from conventional bank lenders.

Suggestions for Fellow Faith Investors

Mark Regier encourages other faith-based investors not to feel like the first step in their impact investing journey needs to be a “moonshot.” Seek out a community development investment or deposit in a community or impact theme you care about, perhaps as part of your cash allocation. Consider looking for an experienced impact manager for a small portion of your assets. As an institution, it’s good to start small, but don’t stop there. Keep asking questions and find good partners to help make your next steps more doable.

Particularly for faith-driven investors, Mark suggests a “paradigm shift” from “maximizing financial returns at all costs” mindset to one focused on “investing for a more equitable and sustainable world.” When assessing the balance between financial returns and impact, it is a “yes and...rather than an either/or.” Once that shift in thinking is achieved, then you can determine what impact investing looks like practically for your organization.

Set a goal, while remaining flexible in how exactly you will reach that goal, Mark counsels, “Don’t sweat the details. Hold the goal tightly, but the process lightly.” And remember, the more closely the impact investment is aligned to the mission and values of the investor—geographically and/or in social mission—the more meaningful and relevant the “impact” will feel.



Praxis has invested with Calvert Impact Capital to support projects like the [Forest Resilience Bond](#) which innovatively funds critical forest restoration in California.

 **Praxis Mutual Funds**®
A fund family of Everence

More Faith Investor Profiles and Resources at:

calvertimpactcapital.org/faith

Photo courtesy of Blue Forest