



ALTUM
Faithful Investing

ALTUM REPORT

S&P 500

2019

"The decision to invest in one place rather than another, in one productive sector rather than another, **is always a moral and cultural choice.**"

Saint John Paul II, Centesimus Annus 36

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Executive Summary

Christian Principles – The value of integrity

The aim of this report is to show that including Catholic Social Teaching criteria in the selection of investments does not detract from profitability, rather it enhances it. In our case, the ethical criteria we apply when determining our investments are governed by **Altum Investment Guidelines** based on four pillars:

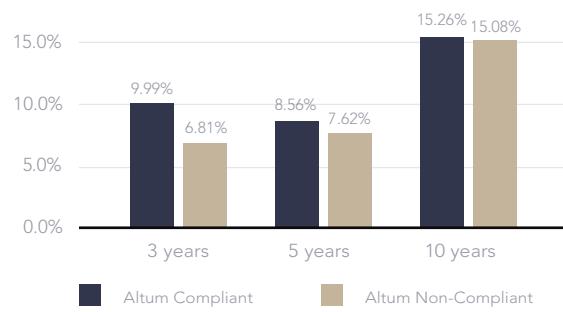
- Pilar 1: Promotion of human life
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Including catholic's social teaching criteria in the selection of investments does not detract from profitability, rather it enhances it.

In this report, we wanted to work on a **real portfolio**, that is why we chose the components of the S&P 500 Index as of 1st of January 2019.

The **profitability** of the portfolio that complies with Altum's Investment Guidelines is **consistently superior** to the portfolio whose companies' conflict with Catholic doctrine. Moreover, the Altum Compliant portfolio has outperformed the Non-Compliant portfolio by 3.18%, 0.94% and 0.19% annualized over the past 3, 5 and 10 years, respectively.

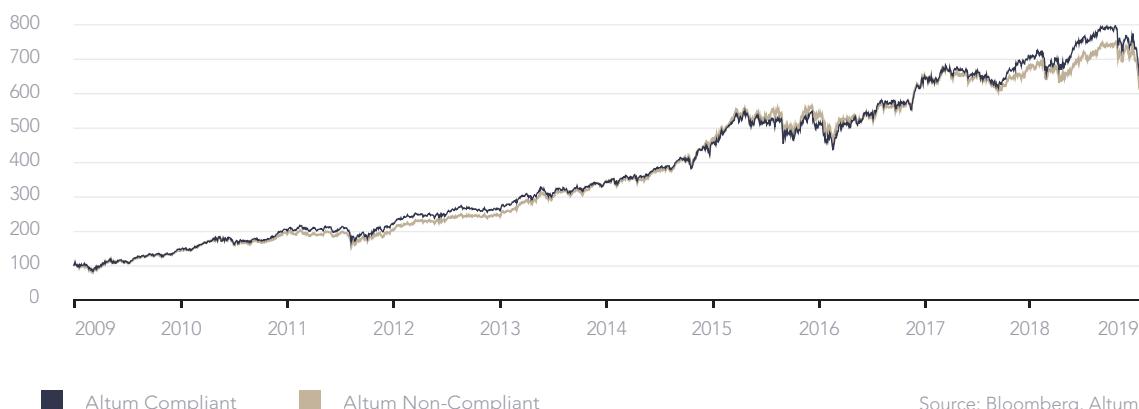
Altum Complaint vs Non-Compliant Performance



Source: Bloomberg, Altum

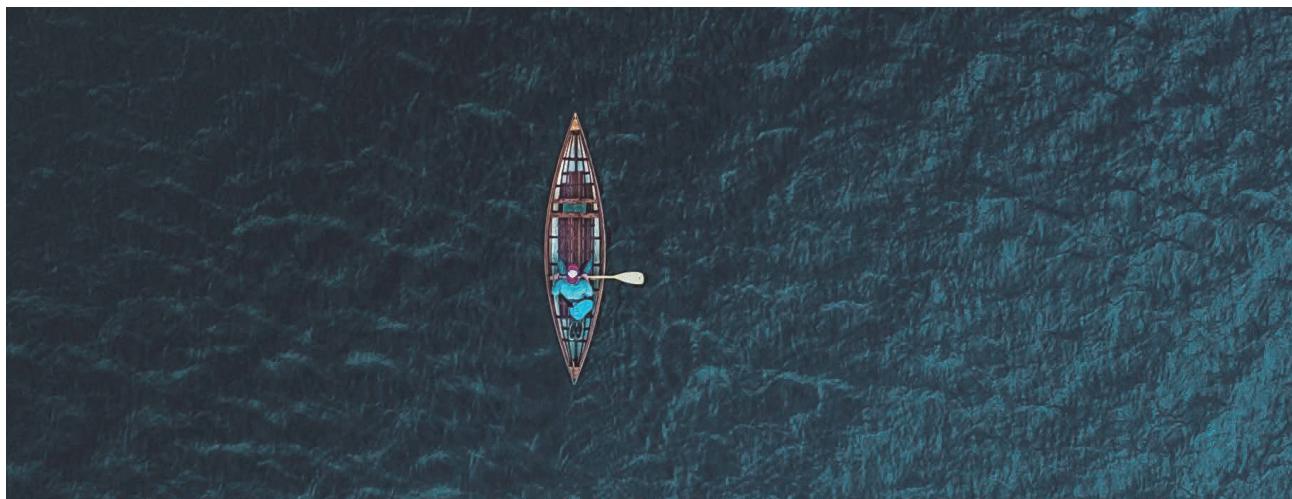
As is often the case in this field of research, we can only draw conclusions but not causality. Do companies perform better by respecting the principles of catholic teaching or is it respect for catholic principles that makes them better companies?

10 Year Performance



Source: Bloomberg, Altum

"I will do my best".



"Every economic decision has a moral consequence."

Benedict XVI,
Caritas in veritate, 37

It is undeniable that Socially Responsible Investment is increasingly present in the world of finance and has come to stay.

The preservation of the environment, the reduction of toxic emissions and the preservation of the dignity of workers are very positive criteria and initiatives when making investment decisions. In fact, Christian anthropology has presented these approaches since its beginnings.

For the Christian investor, however, the current approach of Socially Responsible Investment may not be sufficient.

For instance, there are real cases in which a company has a powerful policy to reduce its toxic emissions, impeccable treatment of its stakeholders and an irreproachable history of corruption. At first glance, this company would be perfectly investible. However, would the approach change if this company used human embryos in its R&D department? What if, through its philanthropic activity, this company were funding lobbies that openly support abortion? Would it be consistent with the teaching profession to invest in that company?

St. Augustine said, "**God created man so that there would be a beginning**" (*The City of God XII, 20,4*). Discovering new horizons and beginning new things is intrinsic to human beings. In the case of Altum, we seek coherence between the Catholic Teaching and financial investments, and this is the *raison d'être* of this report: one can invest with integrity and obtain an adequate return. It is a matter of moving from socially responsible investing to **faith-consistent investing**. The first step towards this objective is not to put ourselves, our fears, in the way, rather we should simply say to ourselves, "**I will do my best**".

Methodology

As previously mentioned, the 500 companies composing the **Standard & Poor's 500** (S&P 500) as of 1st of January 2019 have been analysed (see appendix to access the components). This stock market index includes the 500 largest American companies. It is a renowned benchmark index in the world of asset management and is considered the best indicator of large companies in the United States, as it involves 9.9 trillion of dollars of capitalization and covers approximately 80% of its market.

In order to analyse the companies from a Catholic perspective, we have first elaborated the Altum Investment Guidelines, which are based on the Compendium of the Social Doctrine of the Church, encyclicals, pastoral letters, doctrinal documents as well as principles of socially responsible investment published by different Episcopal Conferences.

We analyse the 500 components of the S&P 500 as of 1st January 2019.

In addition, we have counted on the advice of the **Altum Ethical Committee**, experts of recognized prestige in the fields of Catholic doctrine, bioethics, Christian anthropology and the environment, for its insights and application to financial investments.

Promotion of human life

Promotion of human life throughout its whole existence.
Protection against the instrumentation of procreation and indiscriminate weapons.

Promotion of human dignity

Defense of religious freedom.
Curbing access to pornography.
Freedom against addictions.
Defense of labour dignity.

Promotion of family

Legislation and promotion of policies defending the Christian anthropology.

Care and protection of creation

Environmental stewardship.
Reduction of abusive environmental behaviour.

Finally, we apply the Altum Investment Guidelines to each of the companies. In doing so, we access both public and private sources of information, as well as establish **direct dialogue with the companies** to determine whether or not they comply with the Altum Investment Guidelines.

We are aware that the perfectly ethical and pure company does not exist. It is impossible to control the behaviour of a company's CEO, its Board of Directors or its employees. However, **our actions define us** and we can objectively evaluate whether:

We evaluate companies on the basis of their activity and their specific practices.

1. The **specific business activity** carried out by the company comes into conflict with the Social Catholic Teaching.
2. The **concrete practices** developed by the companies that are contrary to moral principles defended by the Social Doctrine of the Church.

To give validity to the analysis we must provide evidence. For this reason, in all cases of non-compliance, we have obtained sufficient evidence to prove this in a specific manner.

As a result of the ethical analysis we created a first classification that generates two portfolios which we will name in the report as follows:

Altum Compliant: This is the portfolio of companies that comply with Altum's Investment Guidelines.

Altum Non-compliant: This is the portfolio of companies that have at least one breach of Altum's Investment Guidelines.

This report is not intended to highlight, discredit or enhance any particular company. Therefore, we have placed special emphasis on the fact that the report is blind, i.e., no component of the S&P 500 can be unambiguously and directly identified throughout the analysis. In any case, should the reader be interested in obtaining information on specific companies, we invite him or her to contact us.

With the purpose of emulating the methodology applied by the S&P 500 index and in order to capture the past performance (backtesting) of each of the portfolios, we have used the objective criterion of assigning each component the same weight in the portfolio with a monthly rebalance.



Results

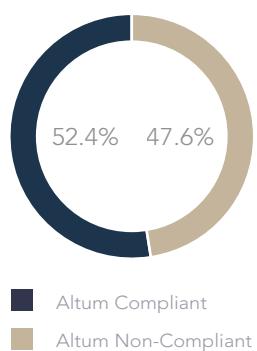
The main thesis of this report is that including ethical and moral criteria related to Catholic doctrine significantly improves the outcome of the investments.

The result is that observing the performance of this universe (which we consider sufficiently representative) in a period of 3, 5, and 10 years (commonly used to represent short, medium and long term horizons), **it would always have been more profitable to invest in companies that comply with Catholic teaching than in those that do not comply.**

Analysis – Altum Investment Guidelines:

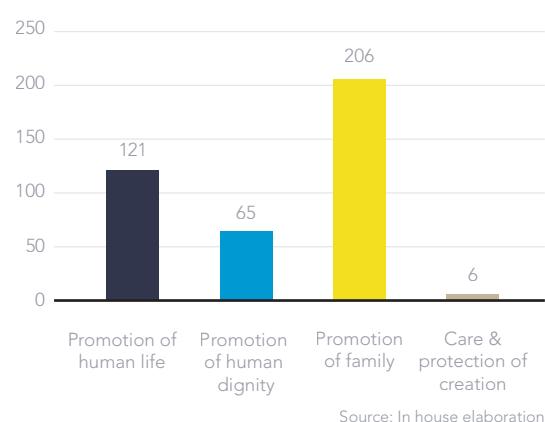
We analyzed the universe of companies from four different perspectives: compliance with Altum Investment Guidelines, market capitalization, Sharpe ratio and GICS classification.

Of the 500 components of the S&P 500, **52.4% (262 entities) comply with the Catholic teaching.** The remaining 47.6% (238 companies) fail to meet at least one of the criteria of Catholic doctrine.



Classifying this investment universe according to Altum's pillars, the aspect where companies fail most is in the promotion of the **family** (206 companies), followed by the promotion of **life** (97 companies), the promotion of **human dignity** (59 companies) and the care and **protection of creation** (6 companies).

Number of non-compliant companies per Altum Investment Pillar.



238 companies of the S&P 500 fail to meet at least one criterion of the catholic doctrine.

Analysis – Market Capitalization

Once the companies have been classified qualitatively as Altum Compliant / Altum Non-Compliant, we then used quantitative criteria in order to obtain a more in-depth analysis. Specifically, we have divided the S&P 500 components into **four large groups according to their size** (market capitalisation on 1st of January 2019), which will help us to make a more accurate analysis of the results (refer to table on the right).

All Giga Caps do not comply with at least 3 breaches.

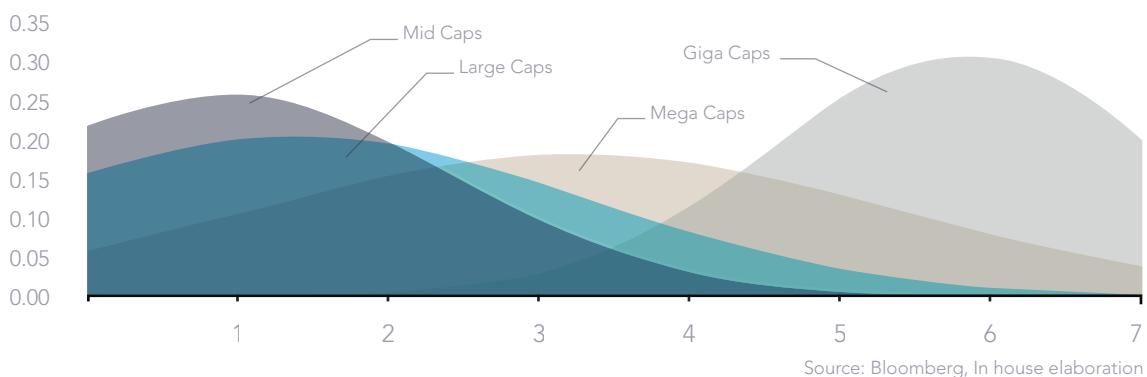
Following this classification, of the 500 companies of the S&P 500, 94 correspond to Mid Caps, 304 to Large Caps, 82 to Mega Caps and 20 to Giga Caps and the map of the investment universe, in proportions, would look as follows:



Source: Bloomberg, In house elaboration

One of the keys to this analysis is to understand whether there is a relationship between the size of companies and the number of defaults. To do this, we have made a normal distribution for each of the four groups.

Normal distribution by size and number of incompliances



The result is that **the larger the size of companies, the greater the number of incompliances per company**. It is an interesting fact that all of the 20 Giga Caps are Non-Compliant, where the minimum amount of breaches is 3, the maximum is 7 and the average is 5.8.

Analysis - Performance

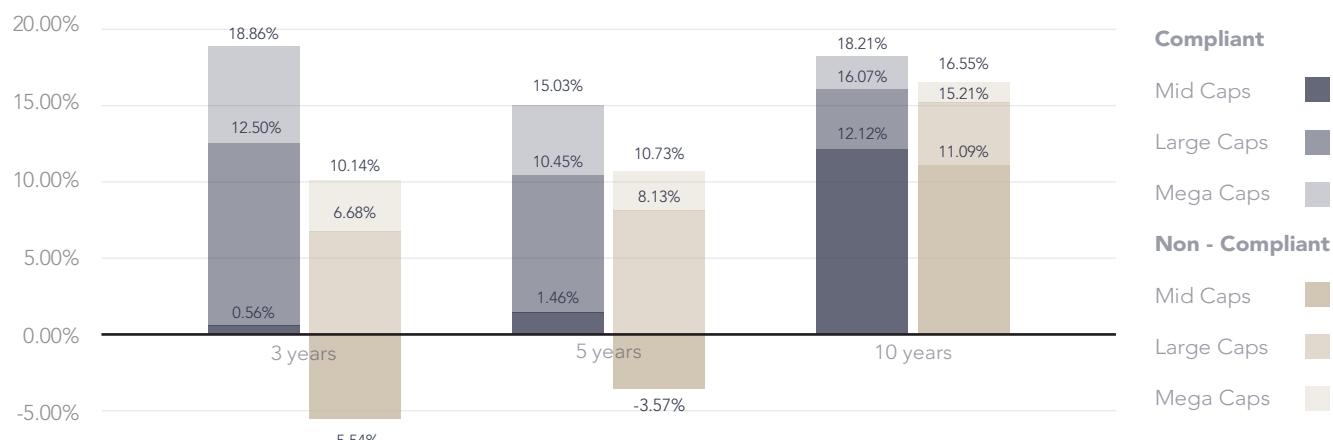
When selecting an investment portfolio, it is important to be able to classify the portfolio not only on the basis of ethical compliance, but also on the basis of performance. This is the reason why, we have classified the companies in the following table according to their size, compliance and their performance at 3, 5 and 10 years.

	3 Yrs Total Return	5 Yrs Total Return	10 Yrs Total Return
Mid Cap Compliant	0.56%	1.46%	12.12%
Mid Cap Non-Compliant	-5.54%	-3.57%	11.09%
Large Cap Compliant	12.50%	10.45%	16.07%
Large Cap Non-Compliant	6.68%	8.13%	15.21%
Mega Cap Compliant	18.86%	15.03%	18.21%
Mega Cap Non-Compliant	10.14%	10.73%	16.55%
Giga Cap Compliant	-	-	-
Giga Cap Non-Compliant	13.64%	12.36%	15.25%

Wealth must be held with the temperance of the one who makes use of it, not with the eagerness of the one who puts the heart into it.

St Augustine
About the customs of the Church

Mid, Large & Mega Caps - Annualized Total Return



Two conclusions can be drawn from this data:

1. Within each of the classifications by stock market capitalization, in all cases **the portfolio that complies with the teachings of the Catholic Church outperforms the one that does not.**
2. Within the groups that comply, the **Mega Caps group has been the most profitable**, both in absolute and relative terms, of the entire classification, all 3, 5 and 10 years, with an annualised return of **18.86%, 15.03% and 18.21%** respectively.

Analysis - Risk / Return

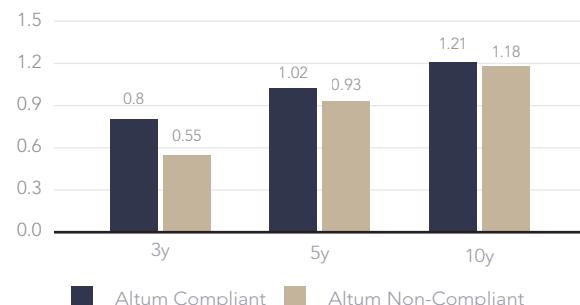
Looking at absolute profitability is insufficient for in-depth financial analysis.

This is why we have also studied the relationship between the profitability and risk of each of the two portfolios. To do so, we have used the **Sharpe ratio**, which allows the investor to measure the return on an investment according to their risk. The higher the Sharpe ratio, the better the return on the risk-adjusted investment. The results for each of the two portfolios are as follows:

Altum Compliant's portfolio offers a better Sharpe ratio...

The Sharpe ratio by itself does not offer value, but for it to be really useful it must be used by comparing the ratios of different portfolios. Doing this exercise we see that the Sharpe ratios of the Altum Compliant portfolio at 3, 5 and 10 years are always higher than those of the Altum Non-Compliant portfolio, in other words: the **Altum Compliant portfolio offers a higher return for the same level of risk than the Altum Non-Compliant portfolio.**

Sharpe Ratio:
Altum Compliant vs Non-Compliant

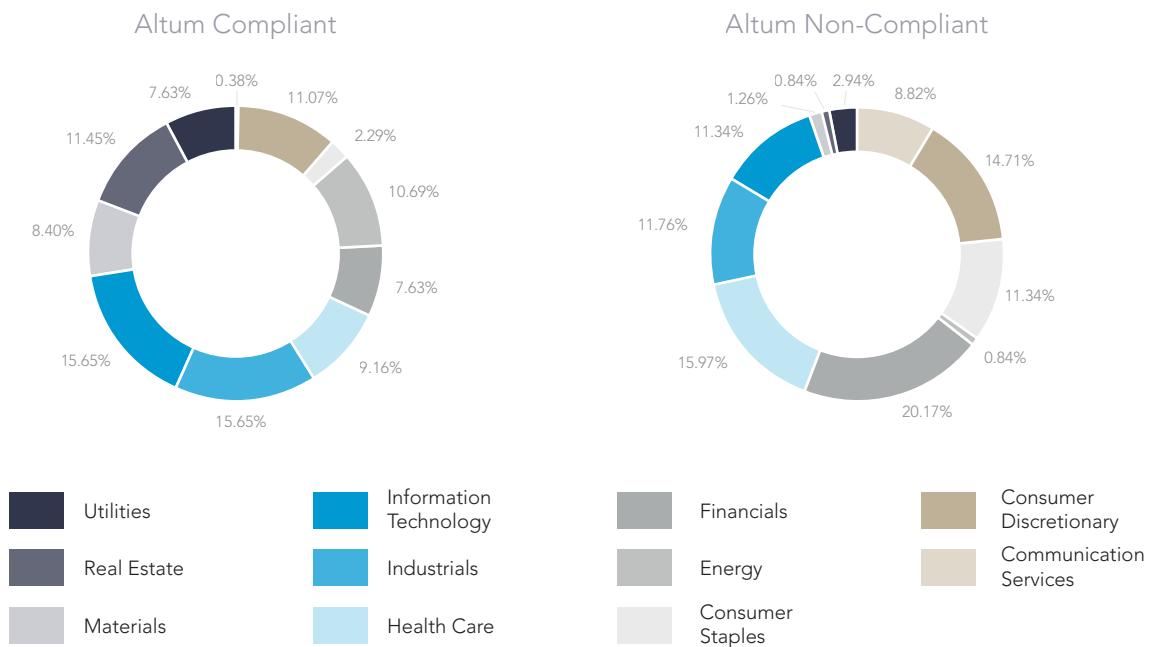


Source: Bloomberg, In house elaboration

Analysis – Classification by sector

It may have been felt that the application of Catholic teaching to investment decisions would imply an excessive sectorial concentration. As presented below, this is false.

We have analyzed both portfolios using the **GICS** (Global Industry Classification Standard) breakdown commonly accepted by the investment community to determine the productive sector to which a company belongs. The results are as follows:



Source: Bloomberg, In house elaboration

The **Altum Compliant portfolio is consistently more balanced and diversified than the Non-Compliant portfolio**. If the average per sector would be 9.09%, the standard deviation of the Non-Compliant portfolio is 42% higher than the Compliant portfolio, indicating a greater dispersion of the portfolio resulting in excessive concentrations (as may be the case of the financial sector, where 20% of the Non-Compliant portfolio is concentrated).

It is worth highlighting a specific aspect: the presence of the Communication Services sector in the Compliant portfolio is practically nil (0.38%). Without looking to causality, from an ethical standpoint, the companies belonging to this sector are the ones whose non-compliance is mainly related to the promotion of life category, who encourage the pornographic industry and that lobby against religious freedom (of any creed).

...and also the greater sectorial diversification.

According to the data analyzed, we can draw several conclusions:

- 1) **Including Catholic teaching criteria** in the selection of companies does not reduce profitability, rather it **enhances profitability** when compared with those who come into conflict with Catholic doctrine.
- 2) The additional profitability of implementing Catholic teaching **is sustainable over time**. Not only does it occur in short periods of time (3 years) but it is also applicable in the medium and long term (5 and 10 years).
- 3) The **risk-adjusted return** (Sharpe ratio) of the portfolio that complies with the doctrine is consistently better at 3, 5 and 10 years than the one that defaults.
- 4) The portfolio that meets the criteria of the Catholic teaching profession offers a **more diversified sector allocation** bringing greater strength to the portfolio.

Promotion of human life

The following are the results of the analysis of the 500 companies from the point of view of the **promotion of human life, from conception to natural death.**



Altum Investment Guidelines – Promotion of life:

The dignity of a person must be recognized in every human being from conception to natural death.

Dignitas Personae,¹

- We seek to invest in companies/securities that support policies and initiatives pursuing to **protect human life at every stage of its existence**, from the moment of conception until natural death.
- **Respect for the life of the unborn:** The Fund shall avoid investing in companies/securities involved directly or indirectly in the practice of abortion or manufacturing of abortifacients and/or contraceptives.
- Protecting from **instrumentalization of Procreation:** The Fund shall avoid investing in companies/securities involved in embryonic stem cell research, fetal tissue/embryo-derived stem cell research or human cloning.
- Promoting “**culture of life**” vs the establishment of the “culture of death” (St John Paul II): The Fund shall avoid investing in companies/securities involved directly or indirectly in the practice of euthanasia, death penalty or involved in the production and sale of indiscriminate weapons or weapons of mass destruction.

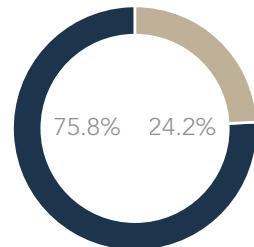
While it would be logical to think that in the promotion of life non-compliance comes from some link to the armament world, the data show that non-compliance comes mainly (68%) from having some kind of relationship with the abortion or contraceptive industry.

To highlight a few examples:

Of the 500 companies, **92** (18.4%) are involved in **actively supporting** (donations) abortion industry entities whose main activity is the administration of abortifacient drugs, the performance of abortions and/or the promotion of proabortion laws at any stage of pregnancy. An example of this type of receiving entity is Planned Parenthood, which statistically accounts for **320,000 deaths per year** and has revenues of about \$1.5 billion per year. As one of the main recipients of funds from companies in the S&P 500 index and their openly anti-life practices, we recommend the reading of [the document](#) that the American Episcopal Conference published in 2017, describing in greater detail the activities of this entity.

A number of **23 companies experiment** with tissues obtained from **human foetuses** that result either in irreparable damage to the foetus or the destruction of the foetus itself.

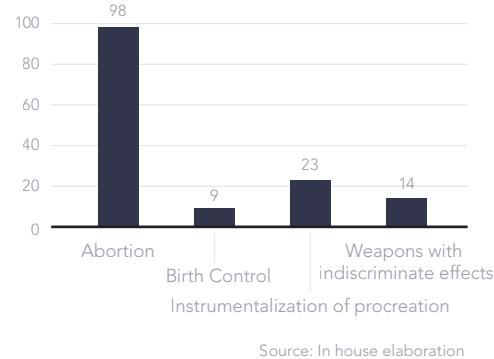
There are **15 companies** that are directly involved in the development of **weapons with indiscriminate effects**, i.e. weapons that are incapable of distinguishing between civilians and combatants (of which 14 are involved in the manufacture of nuclear weapons).



Altum Compliant

Altum Non-Compliant

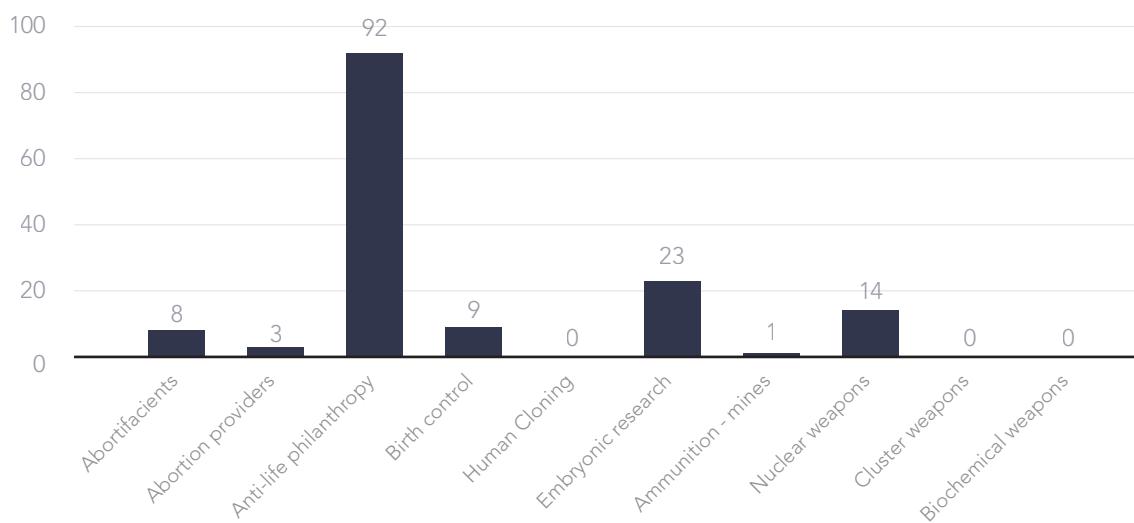
Number of non-compliant companies per category – Human Life



There is a tendency to justify transgressing all boundaries when experimentation is carried out on living human embryos. We forget that the inalienable worth of a human being transcends his or her degree of development.

Pope Francis,
Laudato Si' 126

Number of non-compliant companies per subcategory



Promotion of human dignity

The following are the results of the analysis carried out from the point of view of the preservation of human dignity at all times.



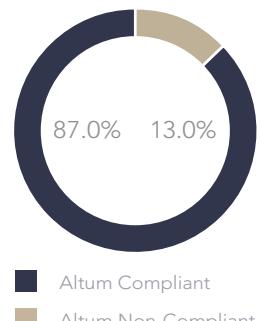
Altum Investment Guidelines – Promotion of Human Dignity:

- We seek to invest in companies/securities that manifest responsible management practices, behave responsibly towards **preserving human dignity** and operate with integrity (respect for labour law, no corrupt practices or unfair business practices) in the interaction with its stake-holders (employees, competitors, customers and suppliers).
- We seek to **curb access to pornography**: we avoid investing in companies/securities with a significant involvement in producing, directing, publishing, distributing and/or retailing of adult entertainment materials of pornographic nature.
- We promote man's **freedom from addictions**: we positively weigh companies/securities that promote freedom from addictive behaviours, especially those caused by alcohol, tobacco and gambling.
- We defend **religious freedom**: we avoid investing in assets from governments or companies who promote or carry out religious persecution against any faith, or deprive people from the right of religious freedom.

The economy and finance do not exist by themselves, they are only an instrument, a mean. Its end is exclusively the person and its full realization of dignity and this is the only capital worth saving.

Pope Benedict XVI
12th June 2011.

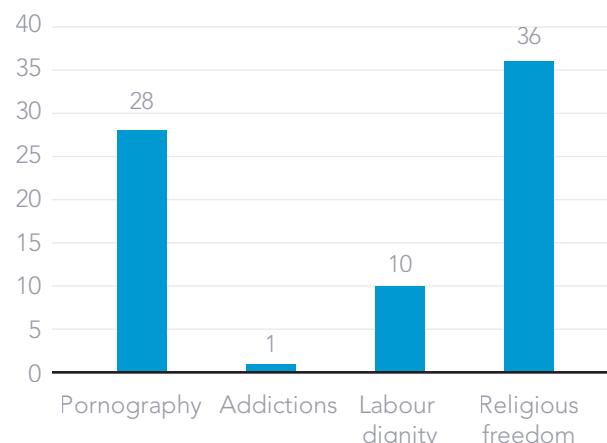
Humans are the "**only creature on earth which God willed for itself**" (Gaudium et spes, 24). This is important to emphasize since the person is not loved for his/her abilities, knowledge or economic situation, but for the simple fact of being a person. The defence of dignity is closely linked to the preservation of freedom, understood as one's capacity, in his/her free action, to direct their actions towards Good (Liberatis conscientia, 27).



We can see different examples in the corporate world where the **freedom and dignity** of man is undermined. From the employment of minors in factories, to not guaranteeing the safety and health of workers or of the consumers themselves. However, it is striking how in the business world there are **new ways of attacking freedom**, such as seeking to eliminate religious freedom or encouraging addictive behavior in man, with the pornographic industry having a significant weight.

Let's look at how the S&P 500 companies behave for each of these three big blocks:

Number of non-compliant companies per category – Human Dignity



Source: In house elaboration

Dignity of employees: It is prudent to assume that all S&P500 member companies have thousands of employees on the payroll. This makes it virtually impossible to accurately measure the specific one-to-one behaviour of companies towards their workers or their stakeholders. However, it is possible to measure and evaluate the controversies that these companies may have had regarding the treatment of their workers, which is exactly what we have done.

The dignity of employees is one area of **good news** in our report: only 2% of the index companies show severe and persistent controversies in terms of specifically violating the rights of their workers and or the use of child labour.

Every human being is endowed with a dignity that must never be lessened, impaired or destroyed but must instead be respected and safeguarded. "

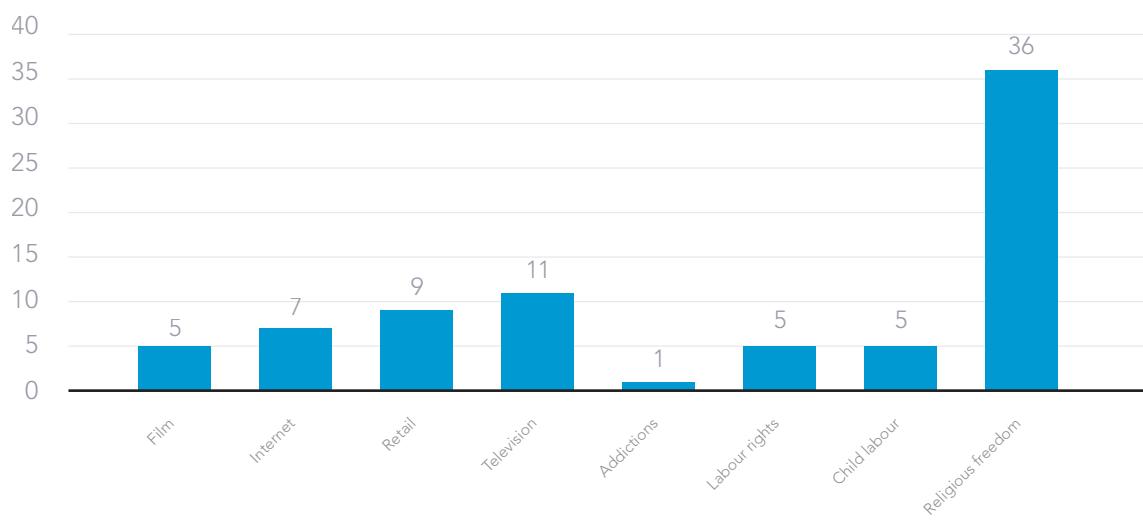
St. John Paul II,
Address to the
United Nations
2nd October 1979

Pornography: 5.6% of the companies in the index are involved in the world of pornography. Within this percentage, the breakdown of the means used to distribute pornographic material would be as follows: retail market, 32%; film industry, 18%; Internet, 25%; television, 39%. It is perhaps worth reflecting on whether, given the frontal opposition that pornography presents against the Social Doctrine of the Church and its relatively small size within the investment universe ... **would it not be worth eliminating all traces of pornography in investment portfolios?** Particularly if there are alternatives, such as media companies (risk sector for pornography) that do not profit from the pornographic industry or even hotel chains that disassociate themselves from the mass (creative minorities) saying publicly that they eliminate access to pornography from television programming in their rooms.

Detached from the truth, all freedom, becomes a new and heavier slavery.

St John Paul II
8th September 1997

Number of non-compliant companies per sub-category – Human Dignity



Source: In house elaboration

Religious freedom: 36 companies out of the 500 analyzed (7.2%) have been openly opposed to the freedom of religious worship, of any creed, through their adhesion to different lobbies whose main task is to eliminate conscientious objection for religious reasons. This implies that a doctor cannot object to performing an abortion nor a Catholic priest to marrying people of the same sex.

Taking a phrase repeated on different occasions by Mons. Munilla, Bishop of San Sebastian, "**our time is characterized by destroying freedom in the name of freedom**".

Promotion of family

In the following, we present the results of the analysis carried out taking into account the promotion of the family and its value in society.



Marriage is the sacrament in which man and woman, called to become "one flesh", share in the creative love of God himself.

S. John Paul II,
Catechesis
15th December 1982

Altum Investment Guidelines – Promotion of family:

- We seek to invest in companies or assets that promote and recognise **social virtues and the social value of the family**.
- We avoid investing in companies or assets whose actions and practices actively attack the **Catholic conception of marriage and family**.

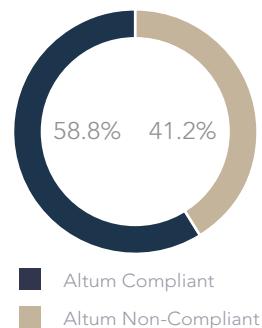
One of the main social changes that the Church is pointing out in recent times is the attack on the institution of marriage and family. The doctrinal documents are very numerous and above all, at present, **Pope Francis** openly denounces when he speaks of the influence that is having the **gender ideology** which "denies the difference and reciprocity in nature of a man and a woman and envisages a society without sexual differences, thereby eliminating the anthropological basis of the family." (*Amoris Laetitia*, 56)

The reasoning behind this statement is that, according to Paolo Donati, the ideology of gender "holds that the family is an institution of the past, and that it is necessary to liberate genders and generations from the bonds of a tradition that is already overcome" (*La familia como raíz de la sociedad* ("The family as the root of society"), 2013, Madrid, BAC).

The life of the parents is the book their children read.

St Augustine

39% of the companies in the index are directly **related to the promotion and/or sponsorship of initiatives that promote gender ideology** and 34.4% support entities that promote gender ideology in multiple ways, assuming that different sexual orientations do not exclude any type of sexual preference (including paedophilia, incest, polygamy or zoophilia).



20.2% of companies are involved in supporting **legislative changes** contrary to Christian anthropology, such as the colloquially called "**Bathroom Bill**" in the United States. This law encourages people to use public restrooms based on their biological sex as determined by their birth certificate. Numerous companies (inside and outside the S&P 500) have positioned themselves in favor of eliminating this law on the grounds that regulating the use of public services is discriminatory.

We understand that these concrete practices carried out by the entities analyzed come into conflict with the catholic Magisterium, as **Pope Francis** develops in Laudato Si' (N. 155): "The acceptance of our bodies as God's gift is vital for welcoming and accepting the entire world as a gift from the Father and our common home, whereas thinking that we enjoy absolute power over our own bodies turns, often subtly, into thinking that we enjoy absolute power over creation. **Learning to accept our body, to care for it and to respect its fullest meaning, is an essential element of any genuine human ecology.**

Also, valuing one's own body in its femininity or masculinity is necessary if I am going to be able to recognize myself in an encounter with someone who is different. In this way we can joyfully accept the specific gifts of another man or woman, the work of God the Creator, and find mutual enrichment. It is not a healthy attitude which would seek "to cancel out sexual difference because it no longer knows how to confront it".

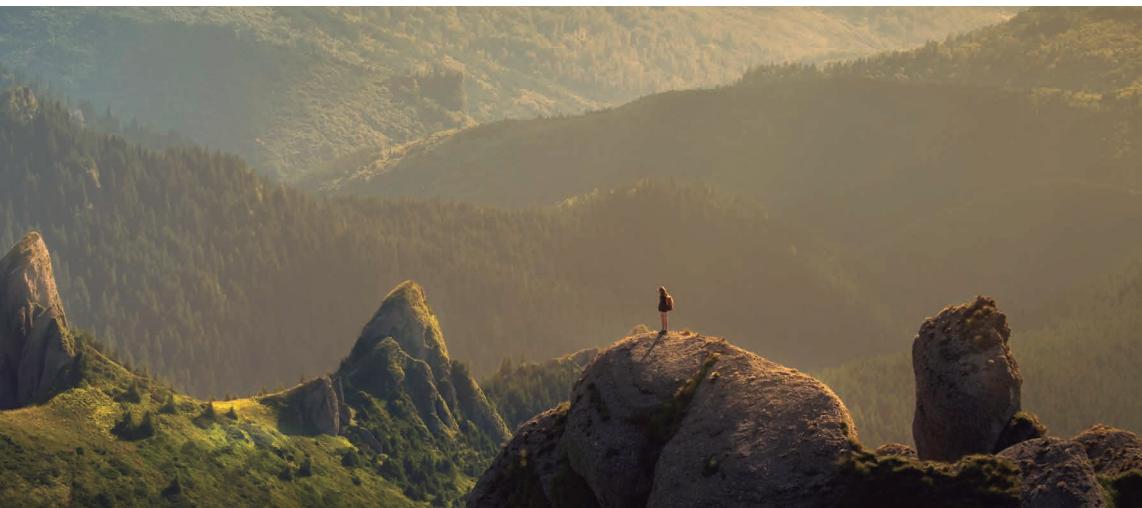
Number of non-compliant companies per category – Family



Source: In house elaboration

Care and protection of creation

The fourth and final pillar analyses the activities and behaviour of companies in their relationship with the environment.



Altum Investment Guidelines – Care and protection of creation:

- We seek to promote, through investment, positive initiatives performed by governments/companies that implement the **highest standards in environmental behaviour**.
- We seek to promote, through investment, the implementation of environmental stewardship aimed at **preserving the Creation for future generations**, valuing practices and actions that promote the reduction of abusive environmental impact.
- We seek to avoid investing in companies/securities implicated in severe controversies related to their impact or **abuse on the environment** and natural resources.

Humanity has the duty to protect this treasure and to prevent indiscriminate use of the earth's goods.

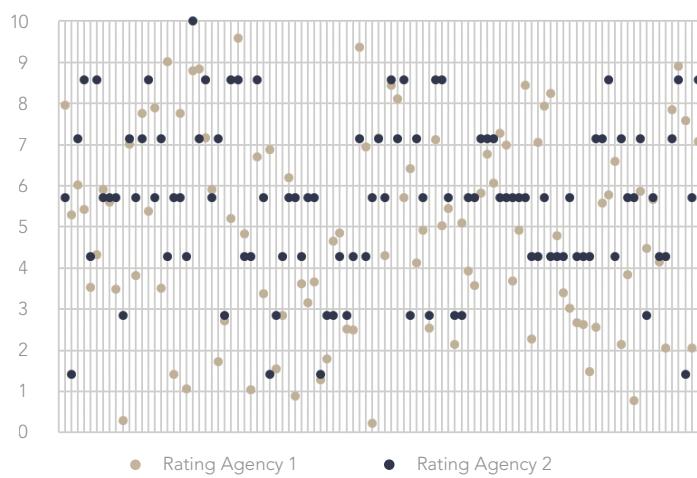
Pope Benedict XVI
27th September 2008

As far as this analysis is concerned, a number of points must be borne in mind:

On the one hand, in an index such as the S&P 500, given the size of the companies analysed (let us not forget that they are the leading companies in the USA), all of them large multinationals with entire departments dedicated exclusively to CSR (Corporate Social Responsibility), it would be strange to find companies that reliably carry out abusive practices with regard to the environment. However, as we will see below, there are.

On the other hand, carrying out a complete and faithful analysis from the point of view of caring for the environment faces two main obstacles: i) the **opacity** of companies when it comes to providing information (as we have experienced at the time of compiling this report) and ii) the **inconsistency in the valuation of companies** that make rating agencies from an ESG (Environmental, Social and Corporate Governance) point of view. An example of this is that of the 4 agencies that we use for our analysis in ESG aspects, **the dispersion of ratings for the same company can be strikingly broad**. For example, in the analysis we have seen that for the 500 companies, the average deviation between one agency and another is 2.85 points (on a scale of 1 to 10). In other words, on average, we found differences between the ratings of different agencies for the same company of almost +/- 30%. Below is an example that shows the dispersion of ratings for 100 companies of the S&P 500 taken randomly (rating in base 1 - 10, being 1 the worst rating and 10 the best):

Comparative between two ESG Rating agencies



Source: In house elaboration

This generates a certain scepticism towards the ratings of third parties and we prefer to analyze companies internally, one by one, to evaluate their compliance with respect to the care and protection of creation.

If the use of rating agencies is a useful tool for our analysis, **we must act with caution** since the lack of harmonisation of criteria can lead to inappropriate decisions. This is the reason we chose not to rely on a 3rd party rating but rather prefer to analyze companies and their respective caseloads one by one.

One of the key aspects in our analysis is to apply the Anglo-Saxon concept of **environmental stewardship** (co-responsibility with the environment with the aim of preserving it for future generations), since "man, being a person, occupies a central place in the world as "lord and custodian" of nature, having the responsibility to govern it with wisdom, justice and intelligence" (Excmo Rvdmo Mr. Manuel Monteiro, La cuestión ecológica). In other words, the role of man is not that of "absolute and immeasurable master, but of an administrator of the kingdom of God called to continue the work of the Creator" (Saint John Paul II, The Commitment to Avoiding Ecological Catastrophe).

The advances of science and technology (...) give rise to an ever greater need to respect the transcendence dimension of the human person and creation itself.

Compendium of the Social Teaching of the Church
N 462.

The analysis reflects that 6 companies out of the 500 analyzed have repeatedly and consistently shown abuses and controversies in the care of creation. The most affected sectors are materials and energy, and in terms of size it is divided equally between Large (2 companies), Mega (2 companies) and Giga (2 companies) sizes. Environmental non-compliant companies were already already non-compliant in other sectors, with an average noncompliance score of 4.5 per company.

It is interesting to mention a **paradox** that currently occurs when talking about ecology in the media. On the one hand, it supports the defence of the environment, animal life and the atmosphere in order to improve the quality of life. On the other hand, there are environmental movements that promote (and with increasing intensity) that the most effective remedy for preserving the health of the planet is to educate the population so that they have fewer children, using anti-natalist policies based on incentivized or selective abortion, as well as sterilization and the widespread distribution of contraceptives, which are intrinsically contrary to Catholic doctrine.

It is therefore important to bear in mind which elements related to the environment support the man-creation relationship defended by the Catholic teaching and which elements, protected by something positive (concern for the planet, care of animal species, etc.), in reality hide **ideologies**

That is why it is no longer enough to speak only of the integrity of ecosystems. We have to dare to speak of the integrity of human life, of the need to promote and unify all the great values.

Pope Francis,
Laudato Si' 224

Conclusion

We have seen in this analysis that applying criteria similar to catholic morality reduces the number of companies that can be invested, but this does not necessarily have to have a negative impact, on the contrary: it is perfectly possible to build a portfolio that complies with catholic doctrine and that not only is also solid and properly diversified, but also when comparing returns over 3, 5 and 10 years against a portfolio that does not incorporate Christian criteria, is consistently more profitable.

We are confident that the analysis and results contained in the report can serve as **food for thought**. On the one hand for the catholic-sensitive investor, to encourage him/her to become a "creative minority", to get out of mainstream thinking and discover alternatives that can unite faith and consistency when investing (faith-consistent investing). On the other hand, for the managers and directors of the companies analysed, we are convinced that if this report ever gets into their hands, they will know how to respond and adapt their policies so that **under no circumstances will the end justify the means**.

Borja Barragan Frade
Jaime Barragan Campos

S&P 500

A O Smith Corp
Abbott Laboratories
AbbVie Inc
ABIOMED Inc
Accenture PLC
Activision Blizzard Inc
Adobe Inc
Advance Auto Parts Inc
Advanced Micro Devices Inc
Affiliated Managers Group
Aflac Inc
Agilent Technologies Inc
Air Products & Chemicals Inc
Akamai Technologies Inc
Alaska Air Group Inc
Albemarle Corp
Alexandria Real Estate
Equities Inc
Alexion Pharmaceuticals Inc
Align Technology Inc
Allegion PLC
Allergan PLC
Alliance Data Systems Corp
Alliant Energy Corp
Alphabet Inc
Altria Group Inc
Amazon.com Inc
Ameren Corp
American Airlines Group Inc
American Electric Power Co
American Express Co
American International Group
American Tower Corp
American Water Works Co Inc
Ameriprise Financial Inc
AmerisourceBergen Corp
Ametek Inc
Amgen Inc
Amphenol Corp
Anadarko Petroleum Corp
Analog Devices Inc
Ansys Inc
Anthem Inc
Aon PLC
Apache Corp
Apartment Investment & Management Co
Apple Inc
Applied Materials Inc
Aptiv PLC
Archer-Daniels-Midland Co
Arconic Inc
Arista Networks Inc
Arthur J Gallagher & Co
Assurant Inc
AT&T Inc
Autodesk Inc
Automatic Data Processing
AutoZone Inc
AvalonBay Communities Inc
Avery Dennison Corp

B aker Hughes a GE Co
Ball Corp
Bank of America Corp
Baxter International Inc

BB&T Corp
Becton Dickinson and Co
Berkshire Hathaway Inc
Best Buy Co Inc
Biogen Inc
BlackRock Inc
Booking Holdings Inc
BorgWarner Inc
Boston Properties Inc
Boston Scientific Corp
Brighthouse Financial Inc
Bristol-Myers Squibb Co
Broadcom Inc
Broadridge Financial Solutions Inc
Brown-Forman Corp

C H Robinson Worldwide Inc
Cabot Oil & Gas Corp
Cadence Design Systems Inc
Campbell Soup Co
Capital One Financial Corp
Capri Holdings Ltd
Cardinal Health Inc
CarMax Inc
Carnival Corp
Caterpillar Inc
Cboe Global Markets Inc
CBRE Group Inc
CBS Corp
Celanese Corp
Celgene Corp
Centene Corp
CenterPoint Energy Inc
CenturyLink Inc
Cerner Corp
CF Industries Holdings Inc
Charter Communications Inc
Chevron Corp
Chipotle Mexican Grill Inc
Chubb Ltd
Church & Dwight Co Inc
Cigna Corp
Cimarex Energy Co
Cincinnati Financial Corp
Cintas Corp
Cisco Systems Inc
Citigroup Inc
Citizens Financial Group Inc
Citrix Systems Inc
CME Group Inc
CMS Energy Corp
Cognizant Technology Solutions Corp
Colgate-Palmolive Co
Comcast Corp
Comerica Inc
Conagra Brands Inc
Concho Resources Inc
ConocoPhillips
Consolidated Edison Inc
Constellation Brands Inc
Copart Inc
Corning Inc
Costco Wholesale Corp
Coty Inc
Crown Castle International Corp
CSX Corp
Cummins Inc
CVS Health Corp

D R Horton Inc
Danaher Corp
Darden Restaurants Inc

DaVita Inc
Deere & Co
Delta Air Lines Inc
Dentsply Sirona Inc
Devon Energy Corp
Diamondback Energy Inc
Digital Realty Trust Inc
Discover Financial Services
Discovery Inc
DISH Network Corp
Dollar General Corp
Dollar Tree Inc
Dominion Energy Inc
Dover Corp
DowDuPont Inc
DTE Energy Co
Duke Energy Corp
Duke Realty Corp
DXC Technology CoE*TRADE Financial Corp

E astman Chemical Co
Eaton Corp PLC
eBay Inc
Ecolab Inc
Edison International
Edwards Lifesciences Corp
Electronic Arts Inc
Eli Lilly & Co
Emerson Electric Co
Entergy CorpEOG Resources Inc
Equifax Inc
Equinix Inc
Equity Residential
Essex Property Trust Inc
Everest Re Group Ltd
Evergy Inc
Eversource Energy
Exelon Corp
Expedia Group Inc
Expeditors International of Washington Inc
Extra Space Storage Inc
Exxon Mobil Corp

F 5 Networks Inc
Facebook Inc
Fastenal Co
Federal Realty Investment
FedEx Corp
Fidelity National Information Services Inc
Fifth Third Bancorp
First Republic Bank/CA
FirstEnergy Corp
Fiserv Inc
FleetCor Technologies Inc
FLIR Systems Inc
Flowserv Corp
Fluor Corp
FMC Corp
Foot Locker Inc
Ford Motor Co
Fortinet Inc
Fortive Corp
Fortune Brands Home & Security Inc
Freeport-McMoRan Inc

G armin Ltd
Gartner Inc
General Dynamics Corp

General Electric Co
General Mills Inc
General Motors Co
Genuine Parts Co
Gilead Sciences Inc
Global Payments Inc

H &R Block Inc
Halliburton Co
Hanesbrands Inc
Harley-Davidson Inc
Harris Corp
Hasbro Inc
HCA Healthcare Inc
HCP Inc
Helmerich & Payne Inc
Henry Schein Inc
Hess Corp
Hewlett Packard Enterprise
Hilton Worldwide Holdings
HollyFrontier Corp
Hologic Inc
Honeywell International
Hormel Foods Corp
Host Hotels & Resorts Inc
HP Inc
Humana Inc
Huntington Bancshares
Huntington Ingalls Industries Inc

I DEXX Laboratories Inc
IHS Markit Ltd
Illinois Tool Works Inc
Illumina Inc
Incyte Corp
Ingersoll-Rand PLC
Intel Corp
Intercontinental Exchange
International Business Machines Corp
International Flavors & Fragrances Inc
International Paper Co
Intuit Inc
Intuitive Surgical Inc
Invesco Ltd
IPG Photonics Corp
IQVIA Holdings Inc
Iron Mountain Inc

J B Hunt Transport Services Inc
Jack Henry & Associates
Jacobs Engineering Group
Jefferies Financial Group
Johnson & Johnson
Johnson Controls International plc
JPMorgan Chase & Co
Juniper Networks Inc

K ansas City Southern
Kellogg Co
KeyCorp
Keysight Technologies Inc

Kimberly-Clark Corp
Kimco Realty Corp
Kinder Morgan Inc/DE
KLA-Tencor Corp
Kohl's Corp

L Brands Inc
L3 Technologies Inc
Laboratory Corp of America Holdings
Lam Research Corp
Lamb Weston Holdings Inc
Leggett & Platt Inc
Lennar Corp
Lincoln National Corp
Linde PLC
LKQ Corp
Lockheed Martin Corp
Loews Corp
Lowe's Cos Inc
LyondellBasell Industries

M&T Bank Corp
Macy's Inc
Marathon Oil Corp
Marathon Petroleum Corp
Marriott International Inc
Marsh & McLennan Cos Inc
Martin Marietta Materials
Masco Corp
Mastercard Inc
Mattel Inc
Maxim Integrated Products
McCormick & Co Inc/MD
McDonald's Corp
McKesson Corp
Medtronic PLC
Merck & Co Inc
MetLife Inc
Mettler-Toledo Int.
MGM Resorts International
Microchip Technology Inc
Micron Technology Inc
Microsoft Corp
Mid-America Apartment Communities Inc
Mohawk Industries Inc
Molson Coors Brewing Co
Mondelez International Inc
Monster Beverage Corp
Moody's Corp
Morgan Stanley
Motorola Solutions Inc
MSCI Inc
Mylan NV

Nasdaq Inc
National Oilwell Varco Inc
Nektar Therapeutics
NetApp Inc
Netflix Inc
Newell Brands Inc
Newmont Mining Corp
News Corp
NextEra Energy Inc
Nielsen Holdings PLC
NIKE Inc
NiSource Inc

Noble Energy Inc
Nordstrom Inc
Norfolk Southern Corp
Northern Trust Corp
Northrop Grumman Corp
Norwegian Cruise Line Holdings Ltd
NRG Energy Inc
Nucor Corp
NVIDIA Corp

Omnicom Group Inc
ONEOK Inc
Oracle Corp
O'Reilly Automotive Inc

PACCAR Inc
Packaging Corp of America
Parker-Hannifin Corp
Paychex Inc
PayPal Holdings Inc
Pentair PLC
People's United Financial
PepsiCo Inc
PerkinElmer Inc
Perrigo Co PLC
Pfizer Inc
Philip Morris International
Phillips 66
Pinnacle West Capital
Pioneer Natural Resources
PPG Industries Inc
PPL Corp
Principal Financial Group
Prologis Inc
Prudential Financial Inc
Public Service Enterprise
Public Storage
PulteGroup Inc
PVH Corp

Qorvo Inc
QUALCOMM Inc
Quanta Services Inc
Quest Diagnostics Inc

Ralph Lauren Corp
Raymond James Financial
Raytheon Co
Realty Income Corp
Red Hat Inc
Regency Centers Corp
Regeneron Pharmaceuticals
Regions Financial Corp
Republic Services Inc
ResMed Inc
Robert Half International
Rockwell Automation Inc
Rollins Inc
Roper Technologies Inc
Ross Stores Inc
Royal Caribbean Cruises

S&P Global Inc
Salesforce.com Inc
SBA Communications Corp
Schlumberger Ltd
Seagate Technology PLC
Sealed Air Corp
Sempra Energy
Simon Property Group Inc
Skyworks Solutions Inc
SL Green Realty Corp
Snap-on Inc
Southwest Airlines Co
Stanley Black & Decker Inc
Starbucks Corp
State Street Corp
Stryker Corp
SunTrust Banks Inc
SVB Financial Group
Symantec Corp
Synchrony Financial
Synopsys Inc
Sysco Corp

TRowe Price Group Inc
Take-Two Interactive
Software Inc
Tapestry Inc
Target Corp
TE Connectivity Ltd
TechnipFMC PLC
Teleflex Inc
Texas Instruments Inc
Textron Inc
The AES Corp
The Allstate Corp
The Bank of New York
Mellon Corp
The Boeing Co
The Charles Schwab Corp
The Clorox Co
The Coca-Cola Co
The Cooper Cos Inc
The Estee Lauder Cos Inc
The Gap Inc
The Goldman Sachs Group
The Goodyear Tire & Rubber Co
The Hartford Financial Services The Group Inc
The Hershey Co
The Home Depot Inc
The Interpublic Group of Cos Inc
The JM Smucker Co
The Kraft Heinz Co
The Kroger Co
The Macerich Co
The Mosaic Co
The PNC Financial Services Group Inc
The Procter & Gamble Co
The Progressive Corp
The Sherwin-Williams Co
The Southern Co
The TJX Cos Inc
The Travelers Cos Inc
The Walt Disney Co
The Western Union Co
The Williams Cos Inc
Thermo Fisher Scientific
Tiffany & Co
Torchmark Corp
Total System Services Inc
Tractor Supply Co

TransDigm Group Inc
TripAdvisor Inc
Twenty-First Century Fox
Twitter Inc
Tyson Foods Inc

US Bancorp
UDR Inc
Ulta Beauty Inc
Under Armour Inc
Union Pacific Corp
United Continental Holdings Inc
United Parcel Service Inc
United Rentals Inc
United Technologies Corp
UnitedHealth Group Inc
Universal Health Services
Unum Group

VF Corp
Valero Energy Corp
Varian Medical Systems Inc
Ventas Inc
VeriSign Inc
Verisk Analytics Inc
Verizon Communications
Vertex Pharmaceuticals Inc
Viacom Inc
Visa Inc
Vornado Realty Trust
Vulcan Materials Co

WW Grainger Inc
Walgreens Boots Alliance
Walmart Inc
Waste Management Inc
Waters Corp
WEC Energy Group Inc
WellCare Health Plans Inc
Wells Fargo & Co
Welltower Inc
Western Digital Corp
Westrock Co
Weyerhaeuser Co
Whirlpool Corp
Willis Towers Watson PLC
Wynn Resorts Ltd

Xcel Energy Inc
Xerox Corp
Xilinx Inc
Xylem Inc/NY

Yum! Brands Inc

Zimmer Biomet Holdings
Zions Bancorp NA
Zoetis Inc

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Without exceptions.

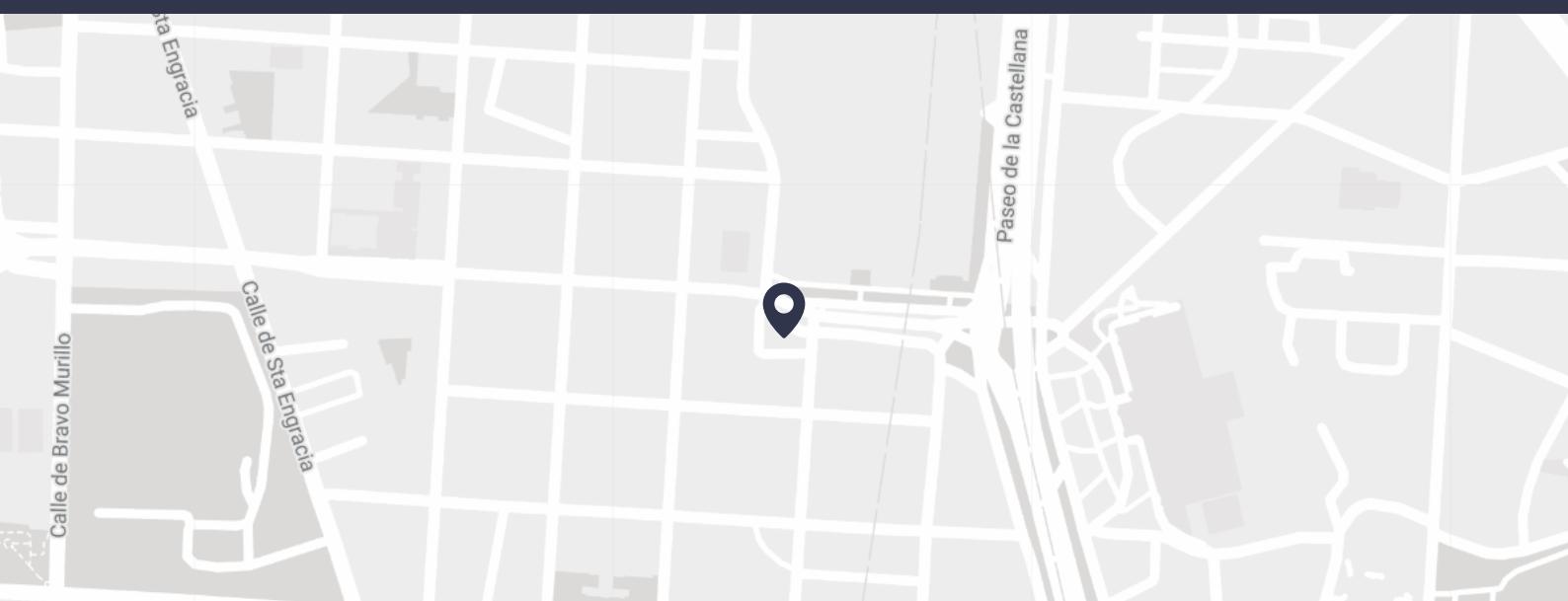
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