



Everence Financial

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File Number S7-16-22
Investment Company Names

August 15, 2022

Vanessa A. Countryman, Secretary
Securities and Exchange Commission
100 F Street NE
Washington, DC 20549-1090

Dear Ms. Countryman:

Everence Capital Management is the Advisor to Praxis Mutual Funds, founded in 1994 to help investors integrate their faith values into their investment portfolios. Everence Financial, the parent of Everence Capital Management, serves as the stewardship agency of Mennonite Church USA.

We believe the Investment Company Names rule has the potential to clarify the intentions and attributes of funds pursuing ESG and related strategies. The following comments are offered to address areas of the ESG industry the staff may not have considered.

Fund names for faith-oriented strategies

The names rule appears to be silent on naming terminology relevant to religiously aligned fund families. If the SEC expects faith-oriented fund firms to adhere to the names rule, we suggest clarification in the final rule.

Treatment of *activities* of ESG funds in addition to holdings *characteristics*

Many ESG funds pursue a combination of activities including exclusionary screening, proxy voting, and shareholder advocacy. Screening and proxy voting are quantifiable, though subject to interpretation as to what constitutes meaningful integration that differs from traditional investment management.

Shareholder advocacy, also referred to as corporate engagement, is a key activity for some funds that defies neat quantitative reporting by the 80% requirement and the related disclosure rule. Furthermore, most funds that engage in shareholder advocacy do not participate in corporate dialogues or file resolutions with 80% or more of their holdings every year. Meaningful corporate engagement requires focus and steadfastness, sometimes lasting years, precluding most fund managers from engaging all portfolio holdings every year.

The names rule should be clear on whether a funds' corporate engagement activities would trigger the 80% requirement if the fund's name signals



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engagement to be a key focus. And if so, there should be clarity on how such a fund could demonstrate adherence to the 80% requirement.

Self-selection out of names rule by not using ESG terms

Some faith oriented and ESG firms have chosen not to include terms like ESG, sustainable, impact, SRI, values, etc. in their funds' names. They have relied on their brands and marketing to signal to investors the types of themes and activities they pursue.

We encourage the SEC to consider how the names rule will apply to funds pursuing ESG strategies that choose not to identify the fund's ESG focus as part of their name. We understand that the disclosure rule would still require funds pursuing ESG strategies to provide the appropriate disclosures even if the names rule doesn't apply. However, this situation creates an additional class of ESG fund – no ESG term in the name but active pursuit of ESG strategies – that may bear additional consideration.

Thank you for your attention to this important topic.

With regards,

A handwritten signature in cursive script that reads "Chad M. Horning".

Chad M. Horning, Chief Investment Officer
Everence Capital Management