



Artificial Intelligence in Light of *Magnifica Humanitas*: The New Social Question of Our Time.

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When Pope Leo XIII published *Rerum Novarum*¹ in 1891, he identified one of the great challenges of the industrial age: the risk of reducing the worker to a mere component of the productive system. Human beings were increasingly valued primarily for their ability to generate wealth and economic output.

More than a century later, we find ourselves facing a transformation of comparable magnitude. Artificial intelligence (AI) is reshaping the way we work, communicate, and make decisions. For the first time in industrial history, the automation of both manual and intellectual labor is advancing simultaneously. Generative AI is already capable of performing cognitive tasks that, until recently, seemed uniquely human: writing texts, analyzing information, programming, translating, and assisting in decision-making processes. At the same time, investment in artificial intelligence has reached historic levels, and an increasing number of organizations anticipate workforce reductions associated with automation.

It is therefore unsurprising that many people view these developments with concern. The fundamental question remains the same as the one Leo XIII raised more than a century ago: Is technology serving the human person, or is the human person becoming subordinate to technology? Does artificial intelligence enhance human capabilities, or does it replace them? Does it help us develop our talents, or does it risk making us progressively irrelevant?

Beneath these questions lies an even deeper issue: our understanding of what it means to be human. If the person is viewed merely as an economic unit, it is logical to conclude that once his or her productive function has been automated, financial compensation and new forms of entertainment will suffice. The proposal is consistent with its premises. The problem lies on those premises. Human beings possess an intrinsic dignity that transcends any form of economic utility.

For this reason, the true challenge posed by artificial intelligence is not merely technological but profoundly anthropological. The danger of our age is not simply that machines may begin to act like human beings, but that human beings may begin to think, decide, and relate to one another like machines. The Industrial Revolution threatened to turn the worker into just another cog in the productive system; the Digital Revolution risks weakening distinctly human capacities such as contemplation, critical judgment, creativity, moral responsibility, and the search for meaning.

¹Leo XIII. *Rerum Novarum*: Encyclical Letter on the Condition of the Working Classes. Vatican City, Holy See, May 15, 1891

In the face of this challenge, the Church has not remained silent. Far from rejecting technology, she has always sought to embrace the tools of each age and place them at the service of the human person and of her evangelizing mission. In recent years, the Magisterium has developed an increasingly profound reflection on artificial intelligence. Pope Francis introduced the concept of “algor-ethics,” insisting on the need to embed ethical principles into the design of algorithms, and promoted initiatives such as the *Rome Call for AI Ethics*², centered on transparency, accountability, and the protection of human dignity.

However, the most significant development in this reflection has come with the encyclical *Antiqua et Nova*³ in 2025, prepared jointly by the Dicastery for the Doctrine of the Faith and the Dicastery for Culture and Education. The document clearly affirmed that artificial intelligence is a tool created by human beings, but not a person or a moral subject. Its legitimacy depends on whether it remains truly at the service of human dignity, the common good, justice, and human development.

However, the most significant development in this reflection has come with the encyclical *Magnifica Humanitas*⁴, the first encyclical of Leo XIV, published to mark the 135th anniversary of *Rerum Novarum*⁵. The Pope himself presents this document as a response to a historic transformation comparable to the Industrial Revolution confronted by Leo XIII.

Magnifica Humanitas offers a wide-ranging reflection on the anthropological, social, and spiritual challenges posed by today’s technological revolution. Leo XIV draws on the long tradition of Catholic Social Teaching concerning human dignity, work, solidarity, and the common good, and applies it to the challenges of artificial intelligence. The document is not intended to be a technical treatise on AI, but rather a guide for moral discernment in a time of profound technological transformation.

Leo XIV argues that humanity stands at a decisive crossroads. Drawing on a powerful biblical image, he presents a choice between two paths:

1. The first is the construction of a new Tower of Babel, characterized by the concentration of technological power, cultural homogenization, and the gradual erosion of what is distinctly human.

² https://www.vatican.va/roman_curia/pontifical_academies/acdlife/documents/rc_pont-acd_life_doc_20202228_rome-call-for-ai-ethics_en.pdf

³ https://www.vatican.va/roman_curia/congregations/cfaith/documents/rc_dof_doc_20250128_antiqua-et-nova_sp.html

⁴ <https://www.vatican.va/content/leo-xiv/es/encyclicals/documents/20260515-magnifica-humanitas.html>

⁵ https://www.vatican.va/content/leo-xiii/es/encyclicals/documents/hf_l-xiii_enc_15051891_rerum-novarum.html

2. The second is the building of a new Jerusalem, founded upon fraternity, justice, the common good, and the recognition of God as the center of human life.

The fundamental question is not whether artificial intelligence will continue to advance. It will. The real question is who will direct that development, how it will be directed, and for what purpose. As the encyclical observes, technology is never entirely neutral. It reflects the priorities, interests, and anthropological vision of those who design, finance, regulate, and use it. For this reason, the challenge cannot be resolved solely through technical or regulatory solutions. It requires a deeper reflection on what it means to be a person and on the true purpose of human progress.

In this context, *Magnifica Humanitas* reaffirms a central conviction of the entire Christian tradition: human intelligence possesses an irreducible uniqueness. Artificial intelligence can process vast quantities of information, identify patterns, and perform complex tasks with remarkable efficiency. Yet it lacks moral consciousness, freedom, responsibility, and the capacity to seek truth. It may optimize decisions, but it cannot grasp their ultimate meaning. It may accumulate information, but it cannot attain wisdom.

For this reason, Leo XIV insists that it must always be human intelligence—illuminated by conscience and exercised in freedom—that guides technological innovation, establishes its limits, and determines its responsible use. Technology can be an extraordinarily valuable tool for medicine, education, scientific research, and economic development. Nevertheless, it must never replace the moral judgment of the human person or become an authority superior to human dignity.

The ethical challenge posed by artificial intelligence extends beyond the individual. It also calls into question the economic and political structures that govern its development. The growing concentration of technological power in the hands of a small number of companies raises fundamental questions about freedom, social justice, the dignity of work, and the common good. A system may be technically brilliant while remaining profoundly disordered from a moral perspective. Technical precision does not necessarily amount to wisdom. Indeed, it is not wisdom in the proper sense at all.



“ Even when machines excel in efficiency, a human face that asks to be gazed upon remains the center of our history.”

Leo XIV, *Magnifica Humanitas* n.233

For this reason, the great question of our age is not simply what machines can do, but what kind of humanity we wish to build. As during the Industrial Revolution, technological progress requires a moral compass. The Church's response is not to hinder innovation, but to remind us that every innovation must be directed toward the service of the human person. True wisdom does not consist in endlessly increasing our capacity to calculate, but in learning to contemplate reality. Only in this way can artificial intelligence become a tool at the service of an authentic civilization of love rather than an instrument of domination or dehumanization.

AI and Its Impact on the Investment World

Artificial intelligence could profoundly transform asset management, brokerage services, and financial advice. However, the most significant change may not necessarily lie in its ability to select profitable companies, but rather in the large-scale automation of the processes involved in analysis, portfolio construction, and portfolio monitoring.

For decades, building investment portfolios has meant finding a delicate balance between return, risk, and liquidity. To achieve this, portfolio managers have relied on well-established tools and models that have proven useful for analyzing scenarios, optimizing decisions, and managing risk.

Yet these approaches were designed for an environment far more stable and predictable than the one we face today. Financial markets are now marked by growing complexity, unprecedented speed of change, and an amount of information that can be difficult to process.

This reality has made the work of portfolio managers increasingly demanding. Traditionally, a significant portion of their time has been devoted to analysis- and information-intensive tasks: studying thousands of companies, reading annual reports, quarterly results, and news, building portfolios, conducting risk analysis, monitoring positions, meeting regulatory requirements, and preparing client reports.

In this context, AI is transforming investment management. It does not merely refine existing models; it introduces a new way of analyzing data, identifying patterns, and understanding market behavior. Many tasks that once required hours of manual work



"Technological innovation can represent human participation in the divine act of creation. Developers, therefore, bear a particular ethical and spiritual responsibility, for every design choice reflects a vision of humanity."

**Leo XIV, Magnifica
Humanitas n.111**

can now be automated, accelerated, or enriched through models capable of processing large volumes of information and generating analysis far more quickly—and in many cases more efficiently.

As a result, AI enables portfolio managers to spend less time on repetitive tasks and more time interpreting information, assessing scenarios, and making better investment decisions.

A McKinsey study estimates that the economic impact of AI on a medium-sized asset manager could amount to 25%–40%⁶ of its cost base, due to the automation of numerous internal processes. BlackRock, the world's largest asset manager, is also developing AI systems for investment research, portfolio optimization, and decision-making support, integrating them into its management platforms⁷.

The reality is that some observers point to the development of architectures in which multiple AI agents collaborate to select companies, assess news, build portfolios, and automatically assign optimal portfolio weights⁸.

In short, it is possible that, in the near future, we may see a client receiving a portfolio almost entirely generated by algorithms, with minimal human intervention. This offers clear advantages in terms of significant cost reductions, time savings, and greater efficiency in the analysis of data and information. However, in the face of such a scenario, we should ask ourselves: **what dangers does this automation entail, and what does Faithful Investing have to say about it?**

As we have argued, artificial intelligence will profoundly transform the investment world. It would be a mistake to ignore its capabilities. Indeed, within the field of Faithful Investing, artificial intelligence can become an extraordinarily useful tool for expanding analytical capacity and improving the quality of available information.

However, precisely because Faithful Investing is not merely an investment technique but a form of moral discernment, an algorithm cannot be allowed to dictate its mission in absolute terms. The reason is simple: investing is not only about processing information, but about interpreting reality and forming a judgment about it.

⁶ <https://www.mckinsey.com/industries/financial-services/our-insights/how-ai-could-reshape-the-economics-of-the-asset-management-industry>

⁷ <https://www.blackrock.com/us/individual/insights/ai-investing>

⁸ <https://arxiv.org/abs/2603.23300> <https://arxiv.org/abs/2604.02279>

Every investment is a moral decision. When we invest, we are not merely buying stocks or bonds. We are financing projects, business models, and concrete visions of the human person and society. Every euro invested helps strengthen certain economic activities and weaken others. For this reason, the fundamental question should never simply be which company will generate the highest return, but rather which business project is worthy of and legitimate for our participation.

An algorithm can identify whether a company is involved in a particular activity. It can detect controversy. It can classify documents, news items, or corporate reports. It can even suggest an assessment of the reputational risk associated with a specific practice. But it cannot discern the deeper moral meaning of that activity. It cannot understand the dignity of the human person. It cannot weigh seemingly competing principles. It cannot interpret the complexity of a concrete situation in light of Catholic Social Teaching. It cannot exercise prudence.

Prudence, which the Church's tradition regards as the virtue that enables moral principles to be rightly applied to concrete circumstances, requires something no artificial intelligence possesses moral judgment. That is why the human person is irreplaceable.

The human role goes far beyond gathering information. It requires interpreting reality, understanding each company in its proper context, analyzing it in depth, and applying moral criteria where the answers are rarely simple.

Two companies may present apparently similar data and yet require very different ethical assessments. Two controversies may differ completely in moral gravity, even if they generate the same number of headlines. Two activities may appear equivalent in a database and yet have radically different implications for human dignity.

These are matters of discernment, not calculation.

The Church herself has warned that human intelligence possesses a richness that cannot be reduced to computational processes. While AI operates through correlations, statistical inferences, and pattern recognition, human intelligence is ordered toward the search for truth and the good. AI can process information; it cannot attain wisdom.

At [Altum Faithful Investing](#), we recognize—as we must—that AI will enable us to deepen and broaden our analysis, incorporating more information, closer monitoring, and a greater capacity to identify relevant ethical risks. But we are equally clear that AI must remain in its proper place: that of a tool. An extraordinarily powerful tool, yes, but a tool, nonetheless.

The portfolio manager and the ethical analyst are not called to compete with machines in computational capacity. Rather, once again, they are called to contribute what machines can never provide: discernment, prudence, responsibility, and moral judgment –and to make use of AI insofar as it helps refine and advance their work.

Ultimately, the heart of Faithful Investing is not an algorithm, but the human person. Markets can be optimized. Portfolios can be automated. Data can be processed. But discerning which human activities deserve to be financed remains an exclusively human responsibility.

Precisely here lies the true added value of the portfolio manager and the ethical analyst: in interpreting data and information in light of human dignity, the common good, and the truth about the human person.



“We cannot consider AI to be morally neutral (...) A more moral AI is not enough if that morality is determined by a few.”

Leo XIV, Magnifica Humanitas n.104 & 107

Between Babel and Jerusalem: A Question of Discernment

Artificial intelligence represents one of the most profound transformations of our time. Its capacity to generate knowledge, automate processes, and increase productivity offers extraordinary opportunities for human development. Yet, as *Magnifica Humanitas* reminds us, the true challenge is not technological, but moral. The decisive question is not what machines can do, but what kind of society we want to build with them.

History shows that technical progress does not, by itself, guarantee human progress. Every technology embodies a particular vision of the person, of work, of freedom, and of the common good. For this reason, artificial intelligence requires more than innovation and regulation: it requires discernment. It requires us to ask whether the tools we develop and finance strengthen or weaken human dignity; whether they foster greater fraternity or greater concentrations of power; whether they contribute to the integral flourishing of persons or reduce them to mere data points within a system.



“Progress offers admirable possibilities, and today we see this in a unique way in the development of artificial intelligence and new technologies. As I recalled [in my recent Encyclical](#), technology in itself is not neutral because it takes on the face of those who conceive, finance, regulate and use it (cf. [Magnifica Humanitas](#), 9); therefore, in the face of the transformations of our time, our discernment must focus on the place of the human person in our decision making and on how the dignity of work, solidarity, social policy and the common good are today being addressed in new ways..”

**Leo XIV, Address of the Holy Father, Congress of Deputies,
Madrid 8 de junio de 2026**

In this context, Faithful Investing takes on particular relevance. Investing has never been a morally neutral activity. Every investment decision helps advance certain companies, technologies, and models of society. Therefore, the challenge for the Catholic investor is not merely to identify opportunities for return, but to discern which business projects deserve to be supported and which do not.

Artificial intelligence can become an extraordinary tool for this task. It can help us analyze more companies, detect risks more quickly, and better understand the complexity of the economic world. But it cannot replace what lies at the heart of ethical judgment: prudence, responsibility, and the search for truth. AI can provide information; only the human person can provide judgment.

For this reason, the future of Faithful Investing does not lie in choosing between human intelligence and artificial intelligence, but in placing the latter at the service of the former. For, as Leo XIV reminds us, authentic progress does not consist in building ever more intelligent machines, but in using our intelligence to serve the human person, the common good, and ultimately God more faithfully.

Ultimately, at Altum Faithful Investing, we can never guarantee a specific level of return, because financial markets are uncertain by nature. What we can guarantee is our unwavering commitment to seeking fidelity to the Magisterium of the Catholic Church.

In a world in which more and more investment decisions may be automated, we believe the true differentiator will be precisely what cannot be automated: placing the human person at the center.



“Whenever humanity is in danger of marring its true identity, we Christians lift our eyes to the Incarnate God.”

León XIV, Magnifica Humanitas n.1

Appendix

Magnifica Humanitas and Faithful Investing: Implications for Investment Analysis

Throughout this document, we have analyzed the impact of artificial intelligence and the main ethical challenges it poses for humanity.

However, since Altum Faithful Investing's mission is to integrate Catholic Social Teaching into investment decision-making, it is appropriate to apply these reflections to the specific field of Faithful Investing.

Leo XIV's recent encyclical *Magnifica Humanitas* offers a particularly valuable framework for this exercise in discernment. Far from being merely a theoretical reflection on technology, its teachings provide practical criteria for assessing how certain innovations affect human dignity, work, the care of creation, and the protection of life.

Below are three areas of particular relevance for the Catholic investor in the age of artificial intelligence. These criteria are intended to complement our analysis by offering a deeper understanding of the human and moral impact of business activities in the sector.

Therefore, from the perspective of Faithful Investing, we can address three major themes explored by the encyclical that may have a significant impact on investment consistently with faith:

1. The Dignity of Work and New Forms of Exploitation in the Digital Age

- **Technology must be at the service of the human person:** Artificial intelligence and automation cannot be assessed solely in terms of efficiency or profitability but must also be judged by their capacity to protect human dignity and contribute to the common good.
- **Human work cannot be reduced to a productive variable:** Innovation is positive when it frees workers from dangerous or degrading tasks, but it requires discernment when it leads to deskilling, excessive surveillance, systematic job displacement, or a loss of purpose.
- **The digital economy also has human value chains:** Behind AI, semiconductors, data centers, and technological devices, there may be forms of invisible labor: data labeling, content moderation, raw material extraction, or component manufacturing. Analyzing these realities is essential if technological progress is not to rest upon new forms of exploitation.

Technological development cannot be measured solely by its outcomes, but also by the way those outcomes are achieved. When innovation undermines the dignity of work, reduces the human person to a mere operational variable, or fosters unjust relationships within the value chain, it ceases to serve the common good. For this reason, at Altum, we avoid investing in companies or assets whose practices fail to preserve human dignity or reflect integrity in their relationships with employees, competitors, customers, and suppliers.

2. Care for Creation in the Age of Artificial Intelligence

- **The digital revolution also has a material dimension.** Artificial intelligence, data centers, digital infrastructure, and the large-scale processing of information require enormous amounts of energy, water, minerals, and natural resources. The digital economy is not immaterial; it also generates environmental impacts that must be taken into account.
- **The question is not only how much technology consumes, but what it is used for.** As *Magnifica Humanitas* reminds us, technology is not neutral. Every innovation embodies a particular vision of the human person and of society. For this reason, technological progress must be evaluated not only by its efficiency or profitability, but by its capacity to promote human dignity, social justice, and the common good.
- **Care for our Common Home requires us to discern what kind of world we are building.** In the words of Leo XIV, humanity stands before the alternative between a new technological Babel and a new Jerusalem founded upon fraternity and the common good. From the perspective of Faithful Investing, this means assessing whether the technology developed by a company is truly at the service of the human person and of all creation, or whether, on the contrary, it fosters dynamics of domination, exploitation, or dehumanization.



“Creation bears the imprint of an original goodness that our human outlook must preserve, cultivate and bring to fulfilment.”

Leo XIV, *Magnifica Humanitas* n.20

The truth is that not every technological innovation automatically constitutes human progress. Technology may increase efficiency, reduce costs, or generate economic benefits while simultaneously contributing to environmental degradation or the weakening of human dignity. For this reason, at Altum, we avoid investing in companies that, through their activities, make abusive use of Creation and therefore have significant negative impacts on the environmental inheritance we may leave to future generations.

3. War, Weapons, and Artificial Intelligence

- **Technology cannot eliminate the moral responsibility involved in war.** Artificial intelligence is profoundly transforming the way armed conflicts are conducted, increasing their speed, reach, and capacity for information processing. However, no technological innovation can automatically make morally acceptable something that was not morally acceptable before. The ethical legitimacy of a military action continues to depend on moral criteria, not on its technological sophistication.
- **Decisions concerning human life must always remain under responsible human control.** *Magnifica Humanitas* insists that the decision to use lethal force cannot be delegated to opaque or automated processes. Every decision that directly affects human life requires moral conscience, the capacity for judgment, and personal responsibility. Artificial intelligence may assist decision-making, but it must never replace the moral responsibility of the person who decides.
- **Lethal autonomy represents an especially serious ethical concern.** Technologies capable of identifying, selecting, or attacking targets through algorithmic processes raise unprecedented risks for human dignity. The automation of violence can diminish awareness of the human consequences of war and dilute the attribution of responsibility. For this reason, companies involved in the development of weapons systems with lethal autonomous capabilities, or with insufficient levels of human control, require heightened ethical scrutiny.
- **The analysis must extend beyond physical weaponry.** In the digital age, war no longer depends solely on conventional weapons. Mass surveillance systems, algorithmic intelligence applied to military targeting, automated decision-making platforms, and technologies of information manipulation can directly influence conflicts and security processes. From a Faithful Investing perspective, it is necessary to assess whether these technologies strengthen the protection of the human person or foster dynamics of dehumanization, domination, or violence.

Ultimately, not all military automation poses the same ethical challenge. The decisive question is not simply whether a company develops defense technology, but whether that technology preserves or weakens human moral responsibility in the use of force. The closer a system comes to replacing human judgment in decisions affecting life, death, or the dignity of persons, the greater the ethical scrutiny that investors must apply. At Altum, guided by the principle of prudence and with the aim of protecting human life until its natural end, we analyze companies in the weapons sector in order to understand their degree of involvement in the development of tools that may distance human beings from moral responsibility over decisions with a direct impact on human life and dignity.

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Altum has carried out the ethical and moral analysis following the criteria of the Catholic Magisterium.

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