

What is Impact Investing? It's a big field...

Divesting	Activist Investing	Topical Investing	Local Investing
<ul style="list-style-type: none">• Selling or screening out investments that are not aligned or detrimental to mission.• Sometimes called ESG; “environmental, social or governance” criteria used to screen investments.• Usually encompasses the entire portfolio.• Example: A foundation with a health focus may “screen out” tobacco stocks.	<ul style="list-style-type: none">• Buying stocks in companies to become an “activist” shareholder to promote an agenda aligned with the foundation’s mission.• Example: A foundation buys the stocks of local company to promote local interests in business decision making processes.	<ul style="list-style-type: none">• Buying stocks or funds that advance topical (environment, health, education, etc.) impact in addition to generating financial return.• Investment firms increasingly offer these kinds of impact funds.• Example: Some foundations offer donors the opportunity to select investment pool/fund with specific interests (e.g. clean energy funds)	<ul style="list-style-type: none">• Investing into local companies, organizations or funds with the intention to generate measurable community benefit alongside financial returns.• Traditional partners might include CDFIs or local banks.• Example: Building a local capital fund to loan to small businesses.

Investing in **local** companies, organizations, and funds with the intention to generate measurable **community benefit** alongside financial returns (*See Glossary for more definitions.*)

Why Impact Investing?

1. **Some community challenges require tools other than grants.** Job creation, affordable housing, sector development strategies often mean working with for-profit enterprises that cannot be grant recipients.
2. Community needs surpass grant resources. Only a small portion of resources are dedicated to grants. What about the other 95%?
3. Strategic investments unlock capital, foster new relationships. Investments position foundations to work more closely with business organizations.
4. Donors, board members want impact investing. Generation Impact: How do I have the greatest impact with my dollars?
5. Philanthropy has a role in advancing economic justice. The capital that built our organizations came from communities. Shouldn't it be invested there?

Place-Based Impact Investing: Menu of Options

Local **Direct** Loans and Equity

Local **Intermediary** Loans and Equity

Credit Enhancements and Guarantees

Local Market Investments