

Impact Investing

Intersection of Investing and Equity

Lake County Funders Call
Wednesday, May 17

JESSIE BALL
DU PONT
FUND

Impact Investing

Intersection of Investing and Equity

WHAT IS IMPACT INVESTING?

- No universally agreed upon definition
- Definition for this conversation
 - Deployment of capital to create intentional, identified outcomes
 - Investment is expected to return capital if not provide a return on investment (market or below)

Impact Investing

Jessie Ball duPont Fund (private foundation)

FINANCIAL APPROACHES TO ACHIEVING IMPACT

GRANTS

- Philanthropic activity
- 5% of endowment value
- Intentional impact
- No financial return

IMPACT INVESTMENTS

- Investment activity
- The “other” 95%
- Intentional Impact
- Expected return of capital (+)

Impact Investing Taxonomy

PRI: Program-Related Investment

- IRS-defined term that allows for foundations to make loans and investments that further their mission and are allowed to be recorded as grants for those with a 5% spend requirement

MRI: Mission-Related Investment

- IRS-defined term that allows foundations to consider its mission in addition to financial return when determining if prudent investment standards have been met

Guarantees: Pledging a portion of an endowment or investment fund

- Used to offset risk of loss in projects or investments

Impact Investing Taxonomy

Community Development Financial Institution (CDFI):

- Nonprofit loan funds, banks or credit unions certified by the Treasury Department
- Expand economic opportunity and access to capital to residents and businesses in low-income communities

Debby Kasemeyer, Northern Trust Community Development & Investments

CDFI Fund

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VALUES QUESTION:

“How do you want your institution’s money to show up in the world?”

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Principles (*from investment policy statement*)

- All investments have an impact.
- Take seriously the full range of fiduciary duties.
- Our values of diversity, equity, and inclusion must be reflected in the asset managers we retain.
- Full realization of our mission includes leading by example and considering where are investments are placed.

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CDs in banks (*no risk / simple*)

- Increases net worth of smaller, minority-owned banks and credit unions
- Increased PPP lending to small businesses

Loans to intermediary lenders /CDFIs (*low risk*)

- Drives capital where systemic racial/equity market barriers have impeded the flow for housing, small business, etc.

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Direct enterprise investment (*Risk varies*)

- Can be catalytic and highly mission-aligned
- Deals could have high exposure to risk

Investments in Funds with impact lens – ESG (*Risk often commiserate with market*)

- Aligns invested capital with mission
- Can support diverse founders / penetrate new markets
- Can be difficult to measure impact

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Credit Union & CDFI in Jacksonville, FL

Specializes in consumer lending: car loans, mortgages, small business, etc.

\$250,000 Certificate of Deposit to Bolster Balance Sheet for PPP

Impact 2020-2022

- 23 loans / 51% borrowers of color
- Supported 122 jobs
- Leveraged additional \$250,000 in deposits (\$500K in loans)
- Repaid - .85% (FDIC insured)

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CDFI in Delaware (est. 1976)

Specializes in affordable housing development, counseling and financial education, and lending

\$1.5M PRI Loan Supporting Affordable Housing Development

Impact 2014-2021

- 187 Affordable units
- 100% - 80% AMI and below
- \$6.2M in 19 projects (4.1x)
- Repaid with 1.5% interest

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Jacksonville nonprofit (est. 1974)

Lead agency on homelessness—trains and coordinates 40 member agencies offering direct services.

**\$650,000 0% PRI Cashflow
Loan for Temporary Non-
Congregant Housing during
COVID**

Status: Active Investment
Unlocked \$8.4M in state/city funds
1,311 benefiting from program

- 600 medically vulnerable
- 300 fled domestic violence

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SustainVC Impact Fund II
\$25.0M Private equity fund
(\$500K minimum institutional inv.)

Backs entrepreneurs that focus on
climate, equality & empowerment,
and health, & education

\$1.0M Private Equity Investment

Status: Active Investment

- 92% diverse companies (12)
- 803K total lives benefitted
- 293K tons of CO2 reduced annually
- 554 jobs supported
- Target 20% IRR

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The logo for the Jessie Ball Du Pont Fund is a red square with a white border. Inside the square, the text "JESSIE BALL DU PONT FUND" is written in white, serif, all-caps font, centered and stacked in three lines.

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