

# Impact Investing 101

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Imagine your **PLACE**



Access to healthy food for everyone ...

Healthcare to those who have gone without...





Affordable homes for all  
people ...



Vibrant downtowns &  
thriving businesses ...

# Impact Investments are .....

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“investments made into companies, organizations, and funds with the intention to generate social and environmental impact alongside a financial return.”



# The Changing Landscape

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“We once looked to **charitable giving** and **philanthropy** as the primary, perhaps even exclusive, source of private money for public good.

The last half decade has seen significant growth in **impact investing**, a phenomenon — some would call it a movement — that is fundamentally changing capital markets for nonprofits and social enterprises.”

Lucy Bernholz & Rob Reich Stanford Social Innovation Review (May 2012)

Stanford **SOCIAL  
INNOVATION** Review  
*Informing and inspiring leaders of social change*

# Agenda

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- Definitions & Evolution of Impact Investing
- Size
- Local Examples
- Unlocking Capital for Community Investing
- Measuring Impact

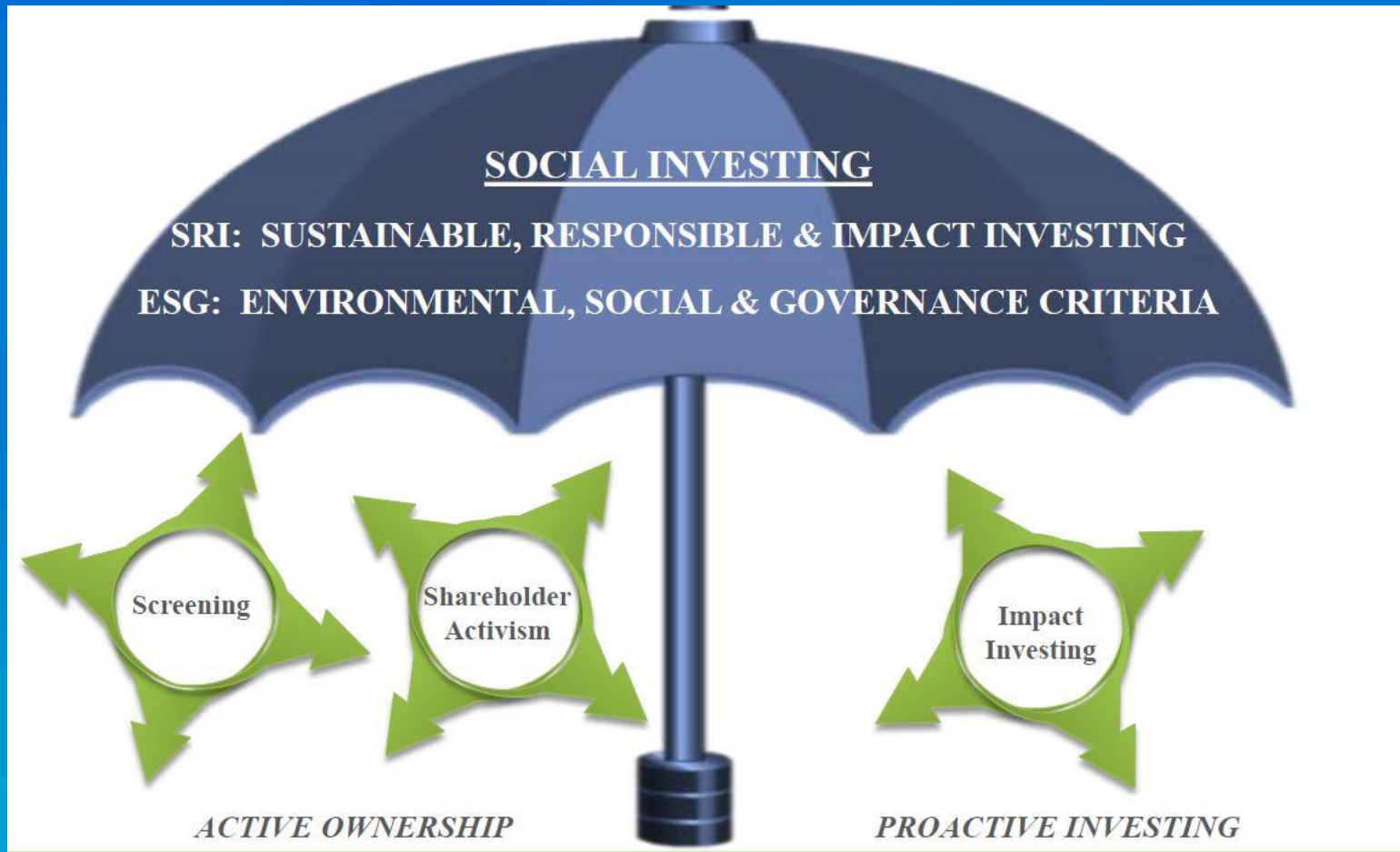
# Names

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- Socially responsible investing
- ESG
- SRI
- Blended
- Impact Investing
- Community Investing
- Mission aligned investing
- Direct Investing

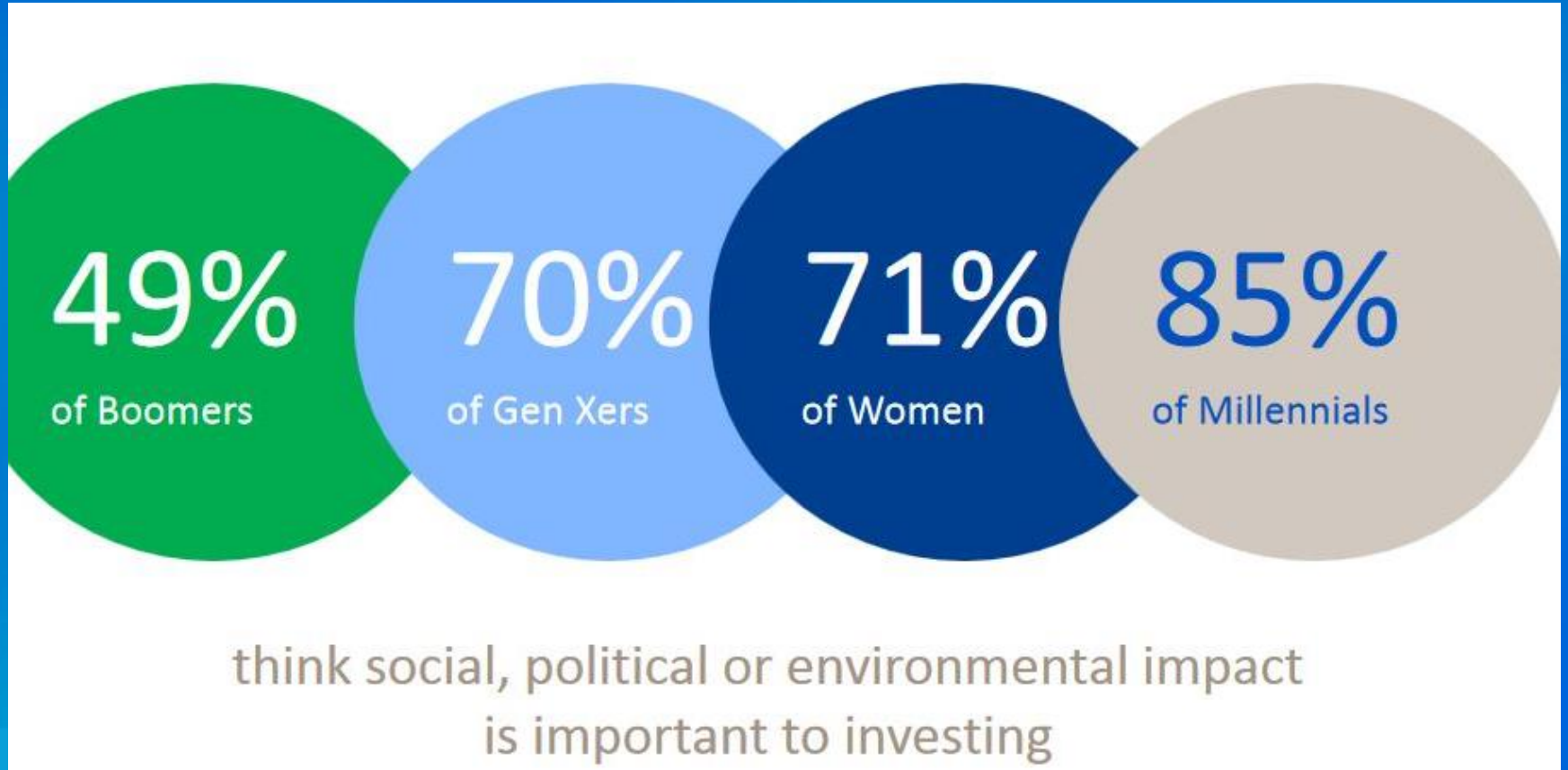


# Social Investing

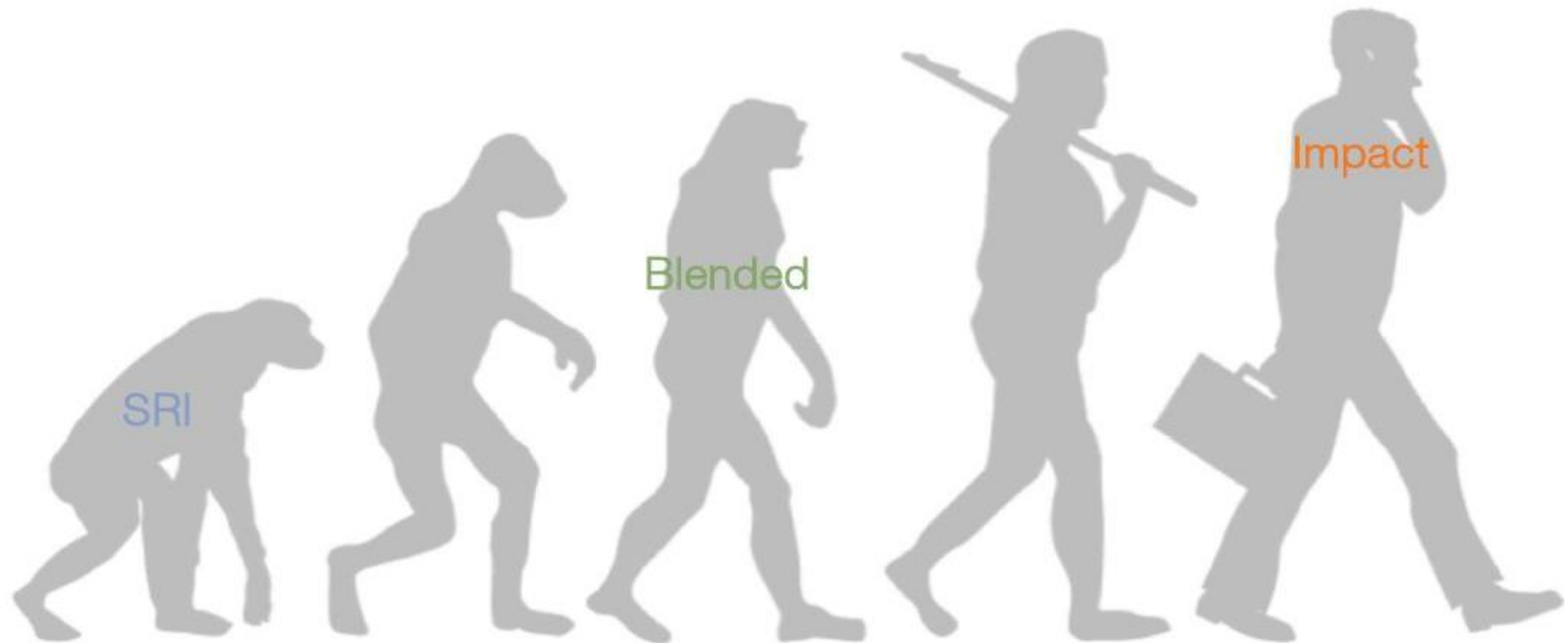


# Generational Trend

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# Evolution of Impact Investing



## “Thou Shalt Not”

- ♦ Engagement Emerges
- ♦ Largely Retail
- ♦ Performance Stigma

## “Thou Shall”

- ♦ Tech Innovation
- ♦ More Institutional
- ♦ Disclosure Increasing

## “Thou Shall Change”

- ♦ Sustainability Rising
- ♦ Focused and Thematic
- ♦ Metrics Expanding

# Impact Investing Continuum



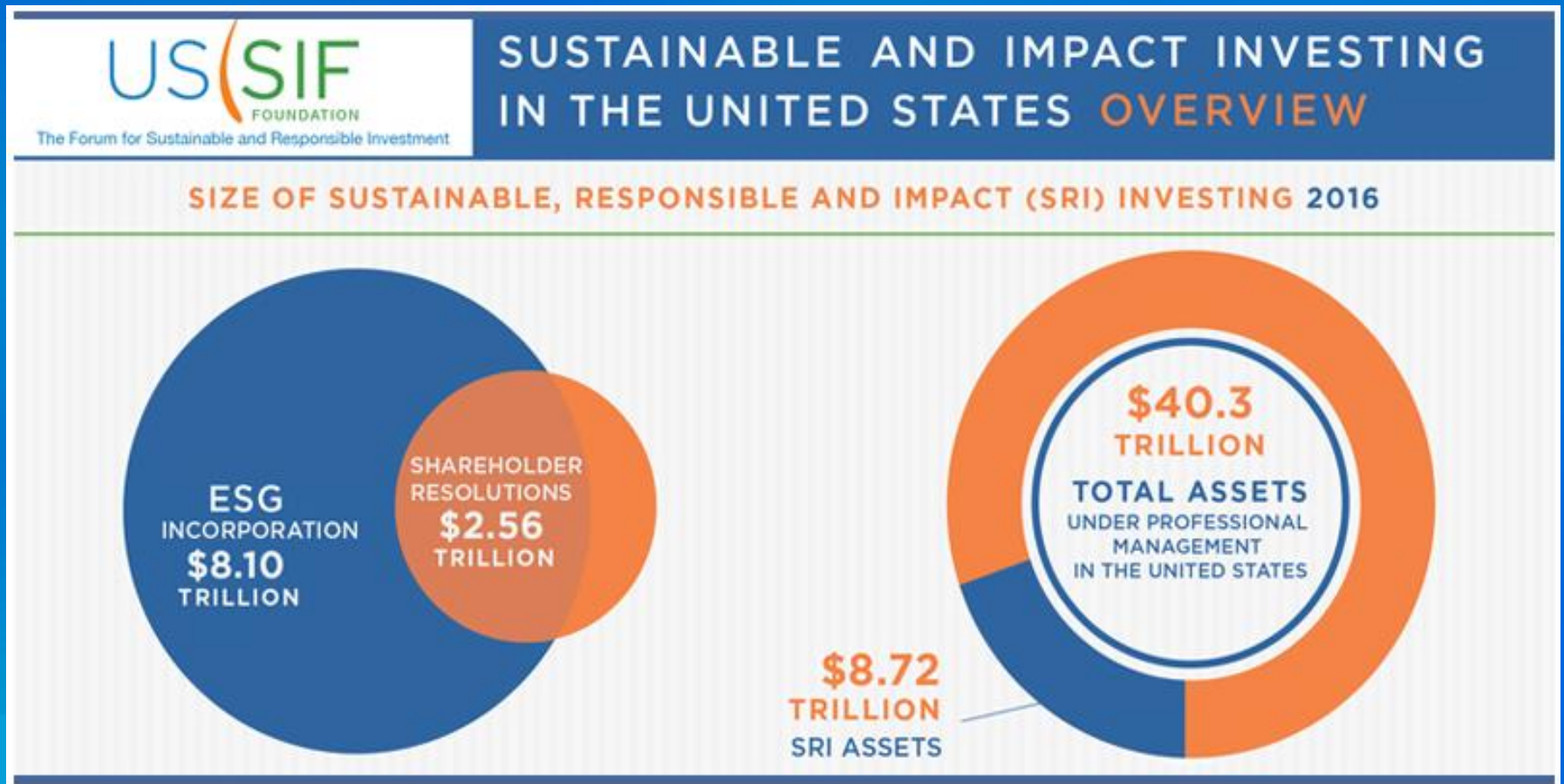
# Concessionary vs Market Rate



Source: The investment graphic above is a rendering of The F. B. Heron Foundation's Mission-Related Investment Continuum



# SRI Investing 2016



# Sustainable Investing Growth in US



# Money Managers 2016



The Forum for Sustainable and Responsible Investment

## SUSTAINABLE AND IMPACT INVESTING MONEY MANAGERS 2016

### MONEY MANAGER ASSETS INCORPORATING ESG CRITERIA (BILLIONS) 2016



# Business as Force for Good





# Impact Money Markets & Deposits

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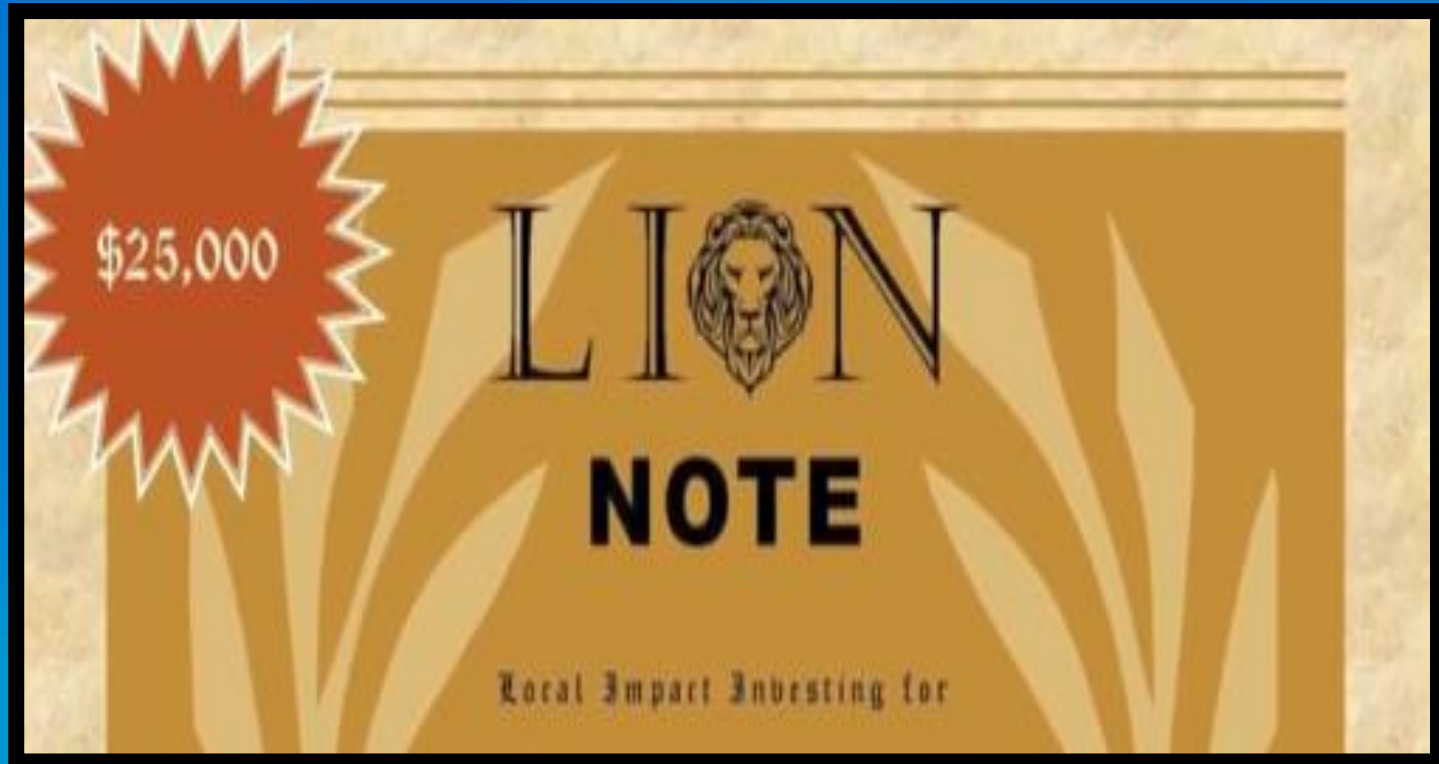


- Socially Motivated Depositors
- Solar CDs
- Money Market Accounts
- Savings and Checking Accounts
- FDIC



# Fixed Income

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# Equity

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# !mpactmakers

Better Business. Better Community.

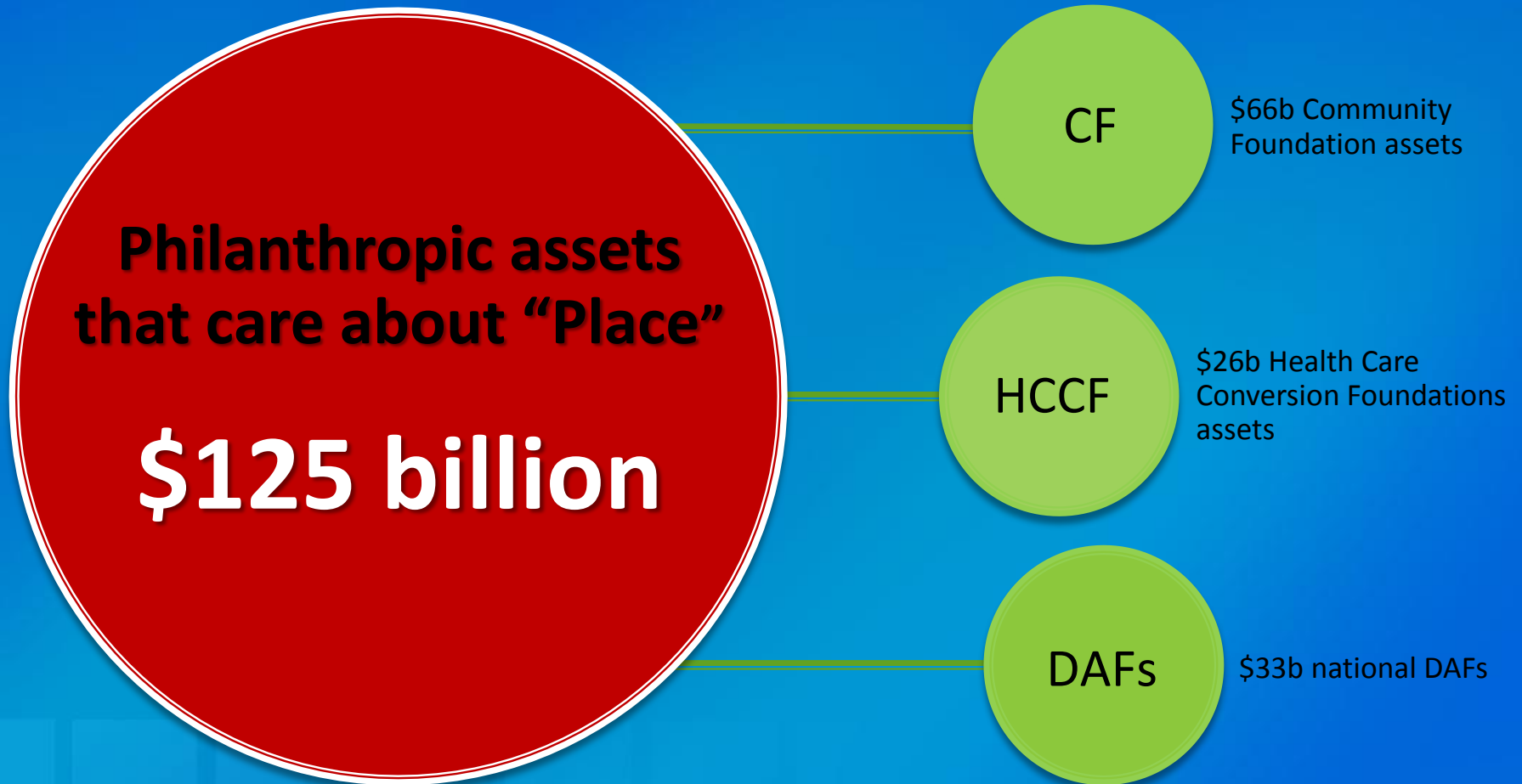


# Unlocking Community Capital

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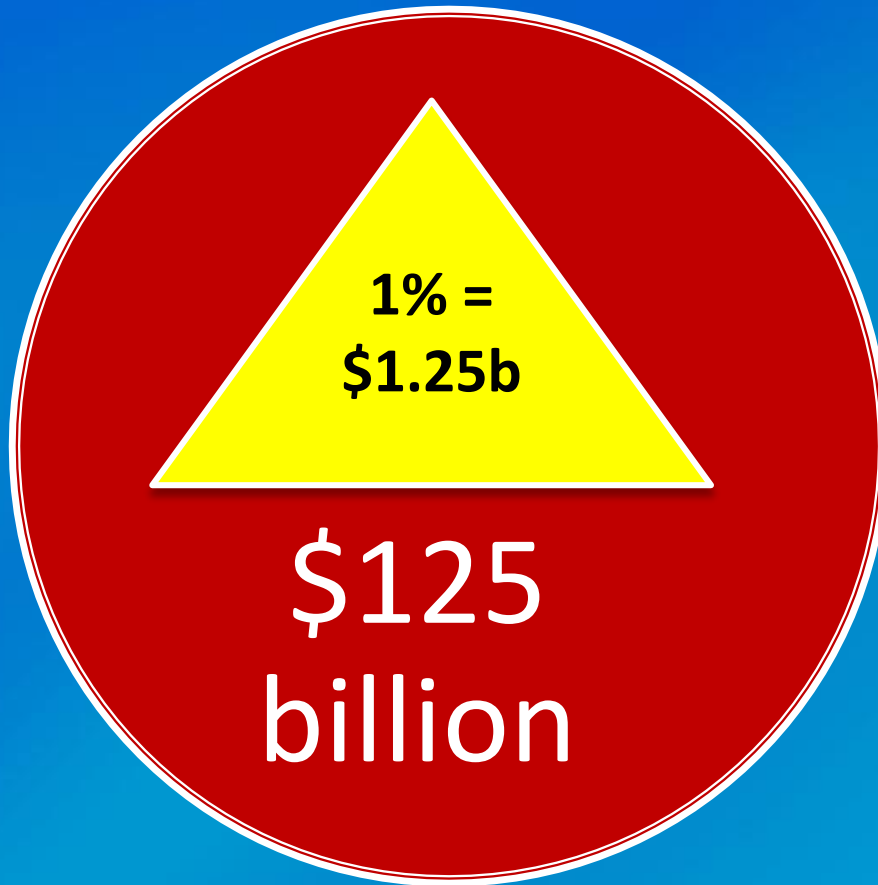


# Place-focused Philanthropic Assets



# Place-focused Philanthropic Assets

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1% of philanthropic  
assets that care about  
Place = \$1.25b



# Who's Doing Community Investing?



- Community Development Banks
- CDFIs
- Community Credit Unions
- Private Foundations
- Community Foundations
- Family Offices



# Barriers

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Lack of financial due diligence skills



Finding mission investments



Fiduciary concerns



Risk mitigation & oversight

# LOCUS will . . .

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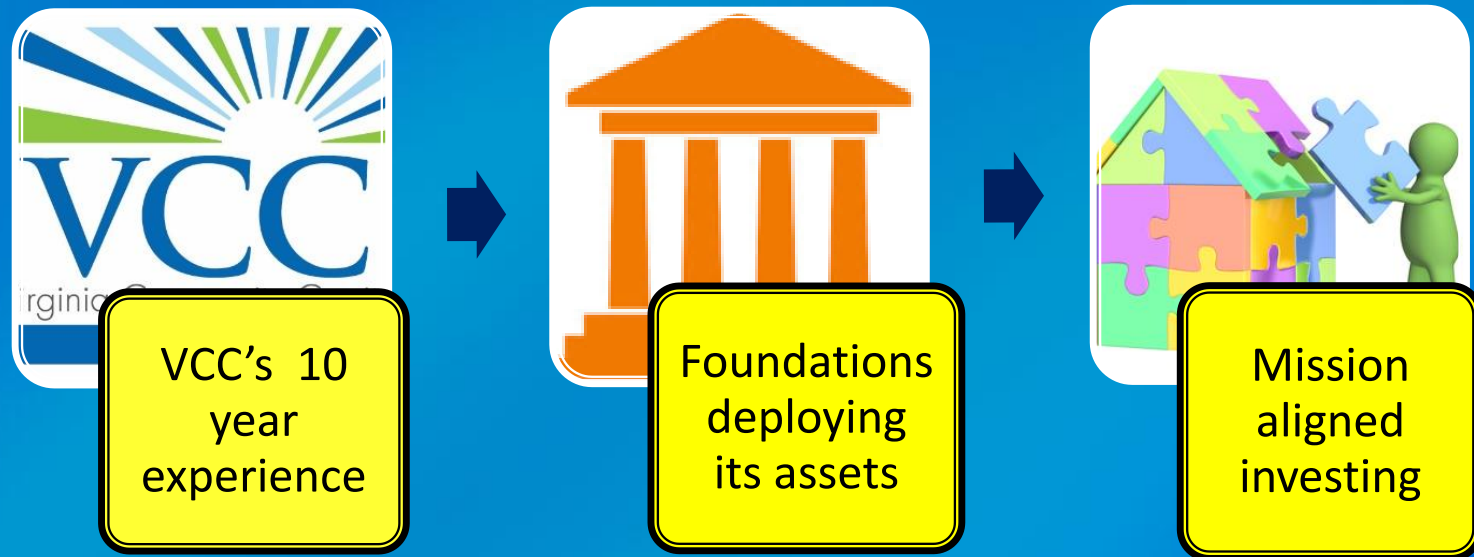
Empower foundations with the infrastructure, skills & support to make smart, direct mission aligned investments based on their risk appetite in furtherance of their charitable purposes.



# Why LOCUS?

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VCC = nonprofit, regulated bank holding company & CDFI



direct investing for good

# Ten Years of Experience

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## Financial Impact

- **\$850 m in total impact**
- **\$367 m lending (572 loans)**
- **Leverage ratio \$1:\$1:31**
- **Low charge off ratio: 0.10%**
- **\$102 m FDIC insured social deposits**
- **\$207 m AUM**



# Ten Years of Experience

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## Social Impact

- 5,831 jobs created/retained
- 4,844 affordable housing
- 9,135 MWh of clean energy produced
- 24 health care/ food access financing

# Partnering with Foundations, HNW & family offices

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**Education**

**Policies &  
Procedures**

Transaction  
Execution

Servicing,  
Monitoring &  
Reporting

# CDFI & Banking Experience

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Execute  
Transactions

Service, Monitor  
& Report

- Source deals
- Financial due diligence
- Impact Measurements
- Close transactions
- Secure collateral
- Monitor & annual reviews
- Service transactions/funds
- Expenditure Responsibility/Self-dealing review
- Impact & Financial reporting

# Measuring Impact

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**GIIRS Ratings**

**Certified**



**Corporation™**

[bcorporation.net](http://bcorporation.net)

**IRIS**



# Local Efforts

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Virginia Impact Investing Forum

Committed to growing impact investing in the Commonwealth of Virginia

<http://www.vaimpactinvestingforum.com/>



# Time to Innovate

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“The world has changed, and so must we.”

Clara Miller, President

F.B. Heron Foundation

